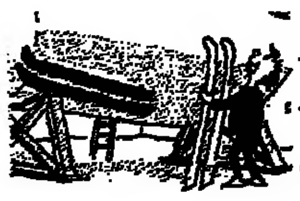
Russia tries to make sense of democracy
Page I



Make your own skis
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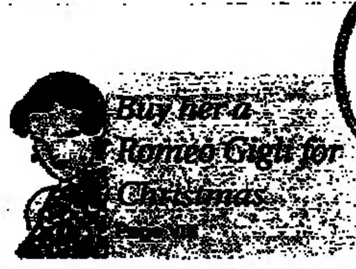


Cashless society
New cards too smart for their own good?
Page 11

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND DECEMBER 11/DECEMBER 12 1993 — D8523A

Japan's GDP edges up but sentiment remains pessimistic

Japan's economy defied expectations by growing 0.5 per cent in the third quarter, lifting gross domestic product by an annualised 2 per cent, the Economic Planning Agency said. The figure contrasts sharply with the gloomy mood among Japanese companies reflected in the Bank of Japan's quarterly survey published yesterday. Page 26; Jobs hold key to Japan's recovery, Page 3

Freed Britons reunited with families

Paul Ride, one of three Britons freed from an Iraqi jail, was reunited with his two-year-old son William (above) and his wife, Julie, in Amman. Mr Ride, Michael Wainwright and Simon Dunn were released after former British prime minister Sir Edward Heath intervened with Iraqi president Saddam Hussein.

Ministers to work on Gatt accord: A special meeting of trade ministers from the US, Japan, Canada and the European Union in Geneva this weekend will try to resolve disagreements over the Uruguay round of international trade reform. Page 26; Leaders struggle to unite behind trade pact, Page 2; Clash over US tax defused, Page 3

UK trade gap widens: A sharp rise in Britain's trade gap with the rest of the world has revived worries that imports might increase markedly as the domestic economy recovers. Page 8

Russian radicals seek rivals' aid: Radical reform bloc Russia's Choice, which backs the Moscow government, urged rival democratic parties to help it fend off neo-fascist leader Vladimir Zhirinovsky in the run-up to Sunday's parliamentary election. Page 4; Different branches of the same tree, Page 10

Welsh Water announced a 3 per cent increase in interim pre-tax profits to £77.3m on sales 41 per cent higher and lifted its dividend by 8.3 per cent. Page 12; Lex, Page 26

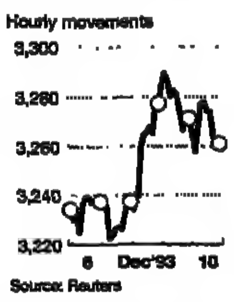
Branson in no-profit bid for lottery: Virgin Atlantic chairman Richard Branson is to launch a bid to run Britain's national lottery on a non-profit making basis. Page 8

Maxwell ruled a fraudster: A High Court judge ruled that British publisher Robert Maxwell, who died in 1991, misappropriated pension-fund assets and fraudulently dealt in a company's shares. Page 9

UK settles Australian nuclear dispute: Britain is to pay Australia £20m to settle their dispute over the clean-up of former British nuclear test sites in the South Australian desert.

Budget reaction pushes Footsie ahead

FT-SE 100 Index



The FT-SE 100 Index gained 4.8 per cent over the two-week trading account on the London Stock Exchange, helped by positive reaction to the UK Budget. This week the Footsie extended its gain by a further 27.1 points on hopes of cuts in interest rates across Europe. At the close last night, the index showed a net loss on the day of 10.3 at 3,261.3. Page 17; Lex, Page 26; Markets, Weekend II

Kim Campbell to quit leadership: Former Canadian prime minister Kim Campbell, who led the Conservative party to a crushing election defeat in October, is to resign the party leadership, Conservative officials said.

Tunnel radio: Channel tunnel operator Eurotunnel has been awarded a commercial radio licence to broadcast travel news and music along the M20 motorway in Kent. Page 6

■ STOCK MARKET INDICES		
FT-SE 100:	3261.3	(-10.3)
Yield	3.62	
FT-SE Eurotrack 100	1415.61	(-1.05)
FT-A All-Share	1603.06	(-0.2%)
Nikkei	17,237.43	(+195.53)
New York lunchtime:		
Dow Jones Ind Ave	3727.54	(-2.24)
S&P Composite	463.72	(-0.46)
■ US LUNCHTIME RATES		
Federal Funds:	2⅞%	
3-mo Treas Bills: Yld	3.106%	
Long Bond	101 1/32	
Yield	6.168%	
■ LONDON MONEY		
3-mo Interbank	5⅛%	(5 3/16%)
Liffe long gilt future:	Dec 119⅛	(Dec 118 13/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Jan)	$13.82	(13.645)
■ Gold		
New York Comex (Jan)	$383.9	(382.6)
London	$382.75	(382.8)

■ STERLING		
New York lunchtime:		
$	1.496	
London:		
$	1.495	(1.4955)
DM	2.54	(2.55)
FFr	8.6975	(8.7375)
SFr	2.1775	(2.195)
Y	163.25	(162.5)
£ Index	81.5	(81.7)
■ DOLLAR		
New York lunchtime:		
DM	1.698	
FFr	5.8095	
SFr	1.455	
Y	109.105	
London:		
DM	1.699	(1.7055)
FFr	5.8175	(5.8425)
SFr	1.4565	(1.467)
Y	109.15	(108.65)
$ Index	66.7	(same)
Tokyo close Y 108.98		

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Obstacles remain as Major and Reynolds seek springboard for lasting Ulster settlement

Timing of peace statement in balance

By Philip Stephens, Political Editor, in Brussels

The British and Irish governments yesterday held on to the prospect of a joint declaration designed to secure a pre-Christmas end to 25 years of IRA violence in Northern Ireland.

But after a fresh round of talks between Mr John Major and Mr Albert Reynolds, the two leaders were forced to acknowledge there were several remaining obstacles to an agreement which would usher in a new era in Anglo-Irish relations.

Despite these difficulties, the two leaders hope to meet again in London before Christmas to pursue an agreement.

During talks at the European Union meeting in Brussels, the British and Irish prime ministers agreed the statement should act as a springboard for an intensive round of negotiations on a permanent political settlement in Northern Ireland. More immediately they hope it will coax the IRA, through its political wing Sinn Féin, into extending its traditional Christmas ceasefire into a permanent cessation of violence.

Officials on both sides, however, admitted the two governments had yet to find the precise language for the most sensitive passages in the document. They also remained uncertain that the first attempt since the 1985 Anglo-Irish agreement to balance the competing claims of Irish nationalism and Ulster unionism could restore peace.

After an hour-long meeting the two leaders issued a brief joint statement saying they had made further progress towards agreement on the text of the declaration. They would meet again before Christmas to bring the process to a conclusion. With Mr Major anxious to secure an accord before parliament breaks on Friday for the Christmas recess, one high-ranking British official commented: "I very much hope we get there. I cannot guarantee that we will get there." He then added: "There is still some way to go."

The two governments will attempt to iron out the remaining differences during intensive contacts over the next few days, opening the possibility of a final summit meeting in London on Tuesday or Wednesday.

Anxious to reassure the Ulster Unionists, British officials said the declaration would underwrite its guarantee to the Unionist majority in Northern Ireland that there could be no change in the status of the province without their consent.

Mr Major had also won assurances from Mr Reynolds of the Irish government's commitment to drop its constitutional claim to Northern Ireland as part of a comprehensive political settlement.

The joint declaration will repeat the offer to Sinn Fein of a place at the negotiating table in response to a total cessation of terrorist activities.

There were signs, however, of continuing disagreement over Dublin's demand for an all-Ireland convention open to all constitutional parties from the North and South.

Government heads endorse Delors plan to tackle recession and unemployment

European workers face real wage cuts

By Lionel Barber, David Gardner and David Marsh in Brussels

European leaders yesterday endorsed tough measures to cut real wages as a means of strengthening competitiveness and steering Europe out of recession.

At the end of the first day of the Brussels summit, the EU heads of governments appeared poised to adopt the white paper on jobs and growth prepared by Mr Jacques Delors, president of the European Commission, as an "action plan".

The message of the summit was that getting out of Europe's worst recession since 1975 would mean millions of workers will be forced to accept pay cuts to hold on to their jobs.

Outside, thousands of trade unionists marched to protest against the Belgian government's plans to cut social security and freeze real wages.

Although the summit was dominated by the jobs crisis, in the margins tense talks took place aimed at settling objections over the cost to French agriculture and Portuguese textiles of a world trade deal.

Heads of government – including Mr John Major, the UK prime minister – praised Mr Delors' job-creating prescriptions, including more flexible labour markets, while recognising that there are no miracle cures for unemployment.

French president François Mitterrand described the white paper as a "charter for what is possible" which would "relaunch Europe."

But leaders stopped short of supporting Mr Delors' proposal for the Union to borrow large sums on the international capital markets to help fund road, rail, energy, environmental and advanced telecommunications projects.

There was broad support for Mr Delors' plan to improve Europe's infrastructure as a means of strengthening its competitiveness and ensuring that when growth resumes it will bring higher employment.

Anglo-German opposition surfaced towards the European Commission's proposal to issue "Union bonds" to boost available EU funding for such project from Ecu12bn to Ecu20bn (£9.14bn to £15.24bn) a year to the end of the century.

The borrowing plan is expected to be handed to EU finance ministers for further study.

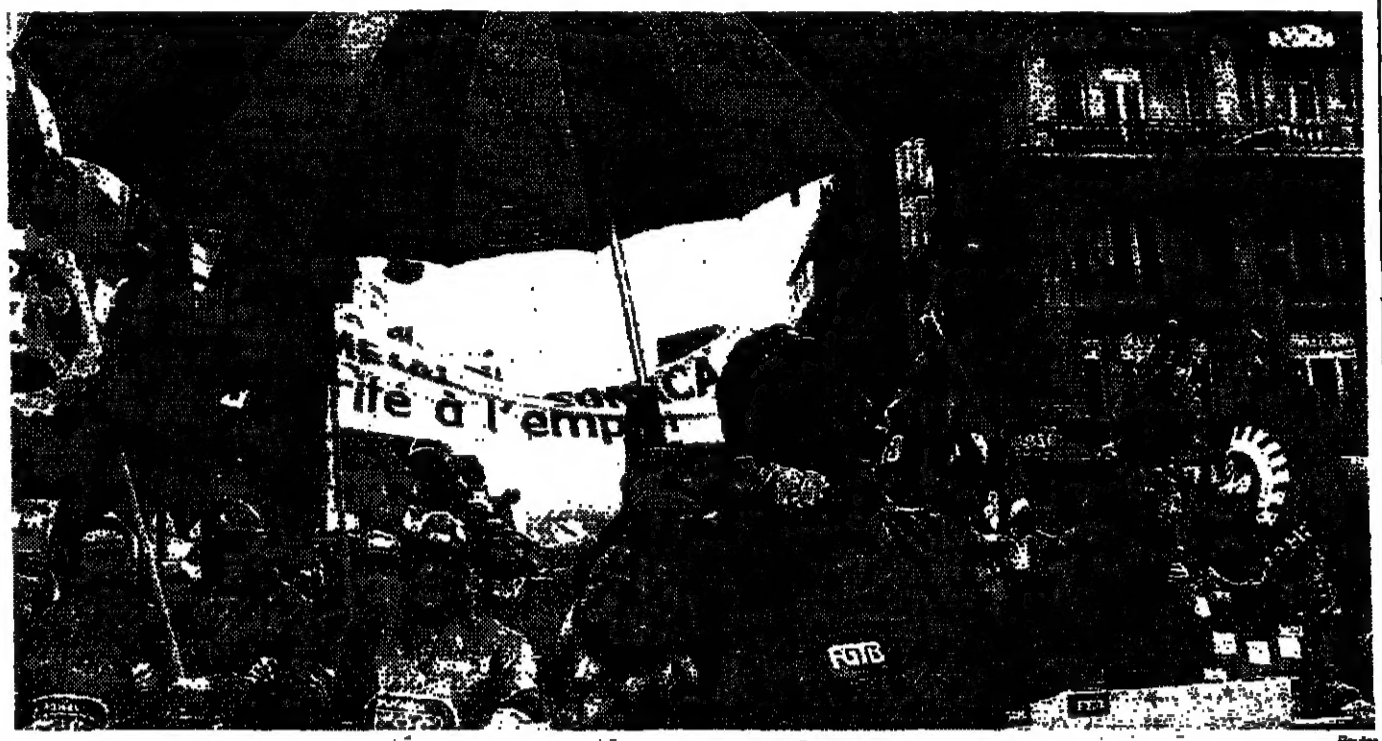
Last night heads of government were expected to focus on the delicate question of how to accommodate French and Portuguese demands on agriculture and textiles after extensive bilateral negotiations throughout the day.

Portugal's threat to veto a deal under the General Agreement on Tariffs and Trade because of an inadequate US offer on market access for textiles was treated seriously and with sympathy. But the EU faces strict budget ceilings which complicate efforts to meet Portugal's request for aid to restructure its textile industry.

France insists on a guarantee that its farmers will not have to take more land out of production because of Gatt. This could be very costly if Brussels has underestimated agriculture output over the next six years.

In that event, keeping within Gatt limits on subsidised food exports would require the EU to cut farm prices further and pay large amounts of compensation.

Background, Page 2
Quad ministers meet, Page 26



Belgian steel workers march through Brussels in a protest against unemployment planned to coincide with the European Community summit — Reuter

LWT plan for link up may block hostile bid

By Raymond Snoddy

London Weekend Television is planning to ward off the hostile takeover bid by Granada, the television, leisure and rental group, by linking with Yorkshire-Tyne Tees, a company in which it already holds 14 per cent.

Anglia Television would also be involved in the defence, which will be unveiled to LWT shareholders next week.

LWT chairman Sir Christopher Bland is determined to avoid a takeover by Granada if there are alternatives that make more sense to his shareholders.

If the defence deal is confirmed LWT, Yorkshire, Anglia and Tyne Tees could be brought together in a single super-company as soon as Government ownership rules allow.

The change in ownership rules which will take effect on January 1 has been approved by the House of Commons and now goes before the Lords on Monday.

The four combined would be bigger than the merged Carlton and Central and control more than 30 per cent of total ITV advertising. Last week Carlton announced an agreed £758m takeover of Central subject to Parliamentary approval.

Granada's bid for LWT earlier this week was a share deal worth

Continued on Page 26
Lex, Page 26

Customs to play Scrooge over VAT rebates

By Andrew Jack

HM Customs & Excise will be playing Scrooge at companies' Christmas parties this year after an over-zealous attempt by an accountancy firm to claim back value added tax from their festive celebrations.

Companies will now only be able to receive back up to half of the VAT on parties for their staff, according to a technical briefing issued by Customs.

"In the past all VAT charged on employee entertainment costs was recoverable," said Mr Tony McClenaghan, a partner with accountants Touche Ross. "This is bad news for businesses and employees as it pushes up the cost of Christmas parties."

Customs' attention was drawn to VAT rebates on entertainment earlier this year when tax partners in the Birmingham office of accountants KPMG Peat Marwick decided to fight for more money.

They appealed against the Customs' rule that companies could only reclaim VAT on expenses incurred on their employees at

Continued on Page 26

Names could face call for £8bn from Lloyd's, says survey

By Richard Lapper

Lloyd's Names may face demands for up to £8.65bn from the insurance market over the next 10 to 30 years, according to unofficial estimates released yesterday.

Chatset, the research company, warned that Lloyd's could need the money to meet escalating claims from pollution, asbestosis and other court awards in the US.

The figure compares with an estimate of £5bn made by Chatset last year. Mr Charles Sturge, co-editor, said some of the rise was due to the strength of US dollar during 1993. It also follows an increase last year in notifications of possible claims.

Chatset investigated more than 200 Lloyd's syndicates which have been unable to close years of accounts because of uncertainty over future claims. The fresh money would be needed to build up reserves and comes on top of an estimated £6.5bn of losses suffered by Lloyd's since 1988.

Lloyd's reserves for liability business have "been woefully inadequate", Chatset said in its report. "Lloyd's does set minimum requirements for reserves but history has proved these to be a joke."

Lloyd's yesterday questioned the basis on which Chatset reached its figures. "You have to second-guess American juries trying to make forecasts like this," said a spokesman. The insurance market has begun detailed work on its exposures to US liability policies underwritten in 1985 and earlier which it aims to transfer to NewCo, a new reinsurance company early in 1996.

It is also possible some claims could be reduced by "commutation", which involves case-by-case negotiation with policyholders, said Lloyd's.

Nevertheless the figures will cause consternation among Names – whose assets have traditionally supported the market – especially those on syndicates which have specialised in long-tail liability business, in which claims can occur years after policies were underwritten.

The accuracy of Chatset's figures has been challenged by Lloyd's in the past. However their forecasts have sometimes proved more accurate than those of the insurance market.

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; China Fec 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup40; Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway NKr16.00; Oman OR1.50; Pakistan Rs35; Philippines Peo 45; Poland Zl 32,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden SKr16.00; Switzerland SFr3.20; Taiwan NT$85; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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NEWS: EU SUMMIT

FT writers report on the first day of the European Union leaders' meeting in Brussels

Major blows hot and cold on growth plan

On second thoughts, it's not so bad, PM decides. Philip Stephens reports

It was a different audience. So Mr John Major adopted a different tone.

After three days of pouring public scorn on Mr Jacques Delors' prescription for faster economic growth and lower unemployment, the prime minister remembered that Britain is supposed these days to be at the heart of Europe.

Mr Major did not retreat from his central objection to Mr Delors' plan to raise an extra Ecu40bn (£30.5bn) over the next five years to finance new trans-European communications networks. There were economic and political objections.

The so-called Union Bonds would transfer important new spending power to the European Commission. Britain would object to that at the best of times, but it was particularly illogical – in fact "absurd" – at a time when all EU governments were engaged in a struggle to reduce national fiscal deficits.

Mr Major repeated his government's irritation at the decision of the Belgian presidency and the Commission to exclude finance ministers from the substantive deliberations on the Growth, Competitiveness and Employment White Paper.

He also tilted at the occasional windmill, condemning the "defeatist fallacy" – that there was a fixed amount of work – said to be behind proposals for an expansion of work-sharing. It appeared not to matter that no-one, least of all Mr Delors, had ever suggested anything of the sort.

But Mr Major's contribution to yesterday's debate on the report's conclusions had, on the advice of his officials, been stripped of the bad-tempered hyperbole of previous ministerial pronouncements.

Facing an audience of fellow European leaders rather than one of awkward Conservative party Eurosceptics, he declared the cup that had been judged at the beginning of the week to be more than half-empty to be all of a sudden more than half-full.

The *volte-face* of course could have had nothing to do with the fact that every other government around the Brussels table – including the Germans and the Dutch – had decided to give most of Mr Delors' proposals a fair wind.

Reflecting the general view in the Treasury that the final version of the White Paper had taken on board many of the liberal ideas promoted by Britain, Mr Major praised the emphasis on competitiveness, labour market flexibility, and supply-side economic reforms.

A paper which only hours before had been publicly ridiculed was discovered, in Mr Major's words, to "have some very good elements in it". It recognised that there were no "miracle cures" for unemployment, it rejected protectionism, accepted the need to remove obstacles to employment, and reaffirmed the limits on the Community's own resources spending.

It was only then that the prime minister came on to the problems. There was no need, he insisted, for the issue of Union Bonds when the European Investment Bank had used only half of the increased resources granted to it at last year's Edinburgh summit. Trans-European networks should also be private-sector-driven rather than mapped out by officials in Brussels. He told fellow heads of state: "The key action is to use the large resources already agreed; not to invent new instruments."

By the time the summit closes, tomorrow Mr Major fully expects to be able to claim a victory on the issue. Even if Chancellor Helmut Kohl was loath to attack Mr Delors in public, his government has deep-rooted objections to such off-balance-sheet borrowing. The idea will be remitted to finance ministers for further study.

But the victory will not be without its price. British diplomacy in Europe this week has lurched from a full-frontal attack to a begrudging partial retreat. Neither would have been necessary if Mr Major had adopted the constructive if sceptical approach of his partners.

Delors borrowing plan meets cool reception

By David Marsh

Mr Jacques Delors' idea of pulling Europe out of recession with large borrowings to finance infrastructure projects yesterday turned out to have the firepower of a damp squib.

If Mr Delors banked on heads of government giving his financing plan the go-ahead before it had been properly examined by their finance ministers, then the gamble clearly failed.

He seems to have underestimated the desire of many governments to show the financial markets that they are exercising the utmost fiscal rectitude in reducing their big budget deficits.

Mr Delors' borrowing proposals were yesterday backed by France, Denmark, Spain and Portugal, but Germany, the Netherlands and the UK all voiced objections.

Italy – which is making an exceptional effort to promote budgetary rigour after decades of overspending – offered less than wholehearted endorsement of the financing plan, even though an Italian spokesman gave the overall White Paper an effusive welcome.

Britain's well-advertised opposition to the plan for extra borrowing was if anything toned down.

In view of Germany's political and financial weight, of far greater importance than Mr Major's reaction was the German move to cast doubt on the EU borrowing plan.

At the opening session of the summit, Chancellor Helmut Kohl was careful not to reject outright the idea of extra borrowing for "trans-European networks" – above all, transport and energy projects. He did, however, voice doubts about the suggested mechanism under which the EU would issue Ecu7bn (£5.3bn) a year in "Union Bonds".

Mr Kohl suggested that the EU's financing arm, the European Investment Bank, should at first complete the programme of Ecu8bn of extra lending agreed in December 1992 and June this year. Only about Ecu4bn of this has so far been committed.

Using words almost identical to Mr Major's, Mr Kohl offered polite criticism that Mr Delors had published his proposals only two days before the summit, giving ministers inadequate time to study them.

Mr Dieter Vogel, the German government spokesman, said Bonn showed "concern" about plans to make extra demands on already tight credit markets when governments throughout Europe were trying to rein back borrowing. This was not the time to give the European Commission extra responsibility in borrowing, he said, especially when the EIB had more "technical competence" in such matters.

Bonn officials made clear their anxiety that large-scale borrowing by the EU for pan-European projects was a way of channelling individual governments' fund-raising outside normal budgetary channels.

The German reservations were echoed by the Netherlands, the only country apart from Germany to maintain full-scale "hard currency" status after the August collapse of the narrow-band ERM. Mr Ruud Lubbers, prime minister, spoke in favour of continuing to channel EU infrastructure lending through the EIB.

Mr Pieter Dankerts, state secretary of the Dutch Foreign Ministry, said his government was "open-minded" about borrowing for transport and energy projects. But he said EU fundraising on its own account would be acceptable only if borrowing by national governments were reduced by an equivalent amount.

If met, Mr Dankerts' condition would deprive Mr Delors' plan of any macroeconomic significance. After this barrage of scepticism from some of the EU's heavyweights, by the end of the first day of the summit Mr Delors' big idea was looking a lot smaller.

Greek Prime Minister Andreas Papandreou chats to his Spanish counterpart Felipe González as European Union leaders prepare for the official photograph yesterday. They are flanked by British Prime Minister John Major and German Chancellor Helmut Kohl; in the back row between them is Danish Foreign Minister Niels Helveg Petersen. Associated Press

Action agreed on border problems

French plan for pan-European security conference is accepted

By Lionel Barber

A French proposal for a pan-European security conference dealing with minority rights and border problems in the former communist bloc won broad endorsement at the Brussels summit yesterday.

EU foreign ministers welcomed the latest refinement of the Balladur pact, the French prime minister's initiative for strengthening political stability in central and eastern Europe.

The Balladur pact has gained momentum among the 12 EU member states since it was first floated last spring in response to the failure of European diplomacy in former Yugoslavia.

European leaders are seeking ways to fulfil the Maastricht treaty's provisions for joint actions under a new common foreign policy. They are also responding to signals from the US that the EU should become more involved in security questions on the continent.

However, several difficulties remain outstanding with the latest proposals, diplomats at the summit said.

First, east European states such as Poland and the Czech Republic are less than enthusiastic about attending a peace conference which draws an implicit line between stable western states in the EU and unstable states in the former Soviet bloc.

A Polish official said yesterday his country did not have a minority problem and had signed co-operation agreements with six out of seven of its neighbours.

Second, those countries seeking EU membership – notably the Visegrad Four of Poland, Hungary, the Czech Republic and Slovakia – argue that closer economic links with the European Union are a more effective way of guaranteeing stability in central Europe than a peace conference.

Third, the question of which states are invited to attend the opening security conference likely to take place next spring remains contentious.

Some countries want to restrict invitations to countries which have realistic aspirations of joining the EU in the next 10 to 15 years. These would include the Visegrad Four, Bulgaria, the three Baltic states and Slovenia.

Others believe that a genuine security conference must include Russia, Ukraine, Moldova and the Caucasus region, all of which are suffering from inter-ethnic conflict. Albania, which has tense diplomatic relations with neighbouring Greece, is also a prime candidate for an invitation, a Brussels diplomat said yesterday.

A UK spokesman said the Balladur plan was a "good proposal" because it did not attempt to create a new international organisation. Earlier fears that the Balladur pact could duplicate work by the Conference for Security and Co-operation in Europe – whose membership has grown since the collapse of the Soviet bloc – had dissipated.

Intensive diplomacy also appears to have removed objections to earlier drafts of the Balladur pact which seemed an open invitation for disgruntled minorities to challenge frontiers. "Existing borders will not be touched," said a UK official.

The idea is to hold a conference starting in spring 1994.

Search for new voting formula defeats leaders

By David Gardner

EU leaders were struggling yesterday to find a compromise on voting rules in the Council of Ministers which will preserve the interests of both big and small member states if up to four new members – Austria, Sweden, Finland and Norway – join the 12 in 1995.

The Maastricht treaty has brought in more weighted majority voting on EU decisions, and the five big member states are anxious to preserve their influence when the four small countries join.

Most of the small member states, as well as the four applicants, fear Europe's balance of influence could be destroyed, leading to a return to 19th-century balance-of-power politics in which the EU would come to be dominated by a "directoire" of the big states, mainly Germany, France and the UK.

Underlying the controversy is the need to adapt institutions designed for the original six member states not only to the 16 in prospect, but beyond that to possible additional members from eastern Europe.

Germany, supported by France, has after some initial sabre-rattling opted to remit any fundamental reform to the next EU constitutional review in 1996. Bonn fears that otherwise the four applicant countries could lose the referendums they are to hold on accession.

But the UK and Spain both maintained their hard line against a Belgian presidency compromise which would extend the existing rules for 12 to cover 16 members. That would set the "blocking minority" needed to halt a decision at 27 votes out of 90, instead of 23 out of 76 now.

The current formula usually requires two big countries and one small one for a blocking minority, and the UK wants this preserved. Spain will accept the 27 threshold, so long as it always contains the votes of two big countries.

An Italian compromise for all member states to surrender one vote looked unlikely to mollify smaller states; Luxembourg, for instance, would have its votes halved.

Belgium's Dehaene trips over his tongue

By David Gardner in Brussels

Belgium's francophone Walloons and Dutch-speaking Flemings set prickly standards of even-handedness in the use of language. They require ministers often to switch judiciously back and forward between the two, even in press conferences.

The Flemish community was not amused therefore by a surreptitious deal at the October Brussels summit by Mr Jean-Luc Dehaene, Belgium's Flemish-speaking prime minister. With his 11 colleagues, he agreed that the official languages used by the new European trade marks office to be set up in Spain would be cut from the nine employed now to five – English, French, German, Spanish and Italian.

Flemish politicians found out when the Netherlands complained that this would heap discriminatory costs on Dutch industry. There was a brief flurry of tit-for-tat vetoes. Since the Dutch were holding up Spain's trade marks office, Spain blocked the go-ahead for Europol, the EU criminal intelligence unit to be set up in The Hague. A row erupted over language-use in the Eurocorps, the joint Franco-German-Belgian army unit (fighting languages French and German) which Spain is now set to join.

This particularly exercised the Flemish press. The memory still rankles of Flemish troops dying needlessly in the first world war because they could not understand the orders of their overwhelmingly francophone officer class. They also discovered that the Dutch word for "fire" is remarkably like the Spanish vernacular for a more intimate form of engagement.

The 12 found a complicated way round the trade marks office problem this week. But then Flemish MPs reopened the controversy in the Belgian parliament, adding to the headaches Mr Dehaene already has with the summit.

It was likely the summit conclusions would have to say something linguistically correct to mollify them. This, one Dutch diplomat said, would need to be "All EU languages are equal, but some are more equal than others."

Paving the way towards Emu

By Andrew Hill

European Union leaders yesterday prepared the way for much closer co-operation on macro-economic performance in the run-up to full economic and monetary union.

They agreed the principle of legally binding macro-economic guidelines, including a general call for lower interest rates, wage restraint, lower budget deficits and government debt.

But French objections to the detail of the guidelines delayed formal adoption of the proposals.

Mr Henning Christophersen, the European economics commissioner, said the guidelines – which are required under the Maastricht treaty – would probably be formally adopted by EU finance ministers at their meeting in Brussels on Monday.

The guidelines are a diluted version of the original proposal by the Commission, but Mr Christophersen said that they would still be used "as a basis for the examination of the [economic] performance of member states".

Finance ministers also discussed yesterday the practical work of the European Monetary Institute, the forerunner of a European central bank, which will supervise the second phase of Emu, beginning on January 1.

Officials said that European Union leaders were likely formally to endorse Mr Alexandre Lamfalussy, a Hungarian born Belgian, as first president of the EMI before the summit ends tomorrow.

Mr Lamfalussy made clear to finance ministers that he expected to be heavily involved in the discussion of EU economic affairs, even though the EMI's statutory role is mainly supervisory.

Germany and Britain have resisted suggestions by the Belgian presidency and Mr Jacques Delors, Commission president, that the EMI's role should be beefed up.

But Mr Lamfalussy is still likely to work closely with the finance ministers, Belgian officials said yesterday. He will attend finance ministers' meetings when the preparations for Emu are discussed, and the president of the Ecofin council is also likely to attend certain EMI meetings.

According to Mr Christophersen, the EMI board – made up of existing EU central bank governors and chaired by Mr Lamfalussy – will be likely to hold its first meeting on January 3. Mr Lamfalussy has already conceded that it will take a few months for a working secretariat to be established in Frankfurt, where the EMI will be based.

Mr Christophersen played down German opposition to a strong EMI. "I think that they [the Germans] have been so keen to get it to Frankfurt, it must be because they want it to be a real institution, with some influence," he told journalists. "Why in heaven have it in Frankfurt unless it has real powers?"

Mr Delors believes the EMI's role is important, especially as the first phase of Emu – supposed to involve economic convergence and monetary stability – has been, in his words, "a failure".

Leaders struggle to unite behind Gatt trade pact

By David Gardner

European Union leaders were straining last night to unite behind the Gatt world trade deal now likely next week, as Portugal and France hardened their conditions on textiles and agriculture.

Portugal has twice in the past 10 days threatened to veto a Uruguay Round settlement unless its partners seek ways of offsetting what Lisbon regards as an insufficient market access offer by the US on textiles.

Mr Anibal Cavaco Silva, the Portuguese prime minister, referred yesterday to "vital national interests" at stake – the politest Euro-code for threatening a veto – but devoted his efforts to winning over fellow heads of government in a series of bilateral talks.

Portugal won wide sympathy, especially since Mr Cavaco Silva faces local elections tomorrow. But it was not clear how far its partners would or could go in offering funds from an already stretched EU budget to help restructure the Portuguese textile industry.

A European Commission trade official said, however, that "we think that when the details of the market access deal emerge, the Portuguese will find a lot to be satisfied with" on textiles.

France refused to relent on its demand that the EU guarantee farmers would not have to set aside farm land, or take any more land out of production because of the Uruguay Round, if the output projections of the reformed Common Agricultural Policy exceed the limits on subsidised food exports set by Gatt.

French officials insist that the government must have a plausible guarantee to offer when France's National Assembly meets to debate Gatt, probably on Monday.

Such a guarantee could break the EU budget or it could cost nothing, if CAP projections for the next two years are as accurate as they have been in the first year of reform. "Pick a figure," said one European Commission official.

He pointed out that if EU cereals prices do not come down to world market levels as a result of production restraints and price cuts which farmers get direct compensation for, then every Ecu10 overshoot would cost the Union Ecu2bn (£1.52bn) in extra compensation to avoid further set-aside.

There were signs last night, however, of a compromise on French demands – strongly backed by Spain and a thin majority of member states, but opposed by Germany – for strengthened EU trade weapons to put up against the US Section 301 trade arsenal.

The current Belgian presidency is suggesting that a simple majority of the 12 should be sufficient for Brussels to take anti-dumping action against imports sold in Europe below production cost or home market price, but that the higher hurdle of weighted majority voting, normally requiring support from nine or 10 member states, should be retained for using safeguard clauses against import surges.

Foreign ministers were due to discuss the wider Gatt deal over dinner last night.

The 12 heads of government and Commission president Jacques Delors were expected to examine the farm and textiles issues at a separate, closed dinner.

According to the Belgian presidency, foreign ministers were also expected to start a meeting on Gatt on Monday, possibly running through the week until after Wednesday night's deadline for concluding the Uruguay Round.

SUMMIT DIARY

Ill omen from the pitch for Belgians

By Andrew Hill

There was a shadow cast over yesterday's Brussels summit, but it wasn't the war in former Yugoslavia, the possibility of a last-minute hitch in the Gatt talks, or even the spectre of millions of jobless Europeans: it was the shock defeat of Belgium's top soccer club, Anderlecht, by Werder Bremen of Germany in Wednesday night's European champions' cup-tie. Brussels-based Anderlecht led 3-0 after half an hour – and yet the Germans managed to score five goals in the final 24 minutes to win the match.

At the summit, the early play went in favour of the Belgians – captained by premier and football fan Mr Jean-Luc Dehaene, who was chairing the meeting. Fellow summiteers bowed to the probing forward runs of Mr Dehaene and Mr Jacques Delors, another soccer enthusiast, as they deftly outlined plans to promote European growth, competitiveness and employment. The Belgians' fear, of course, is that before the match finishes today, the Germans and British may emulate Bremen's remarkable comeback with some sharp counter-attacks on the growth plans in the meeting's final communiqué.

* * * *

After the Lord Mayor's Show comes the muck-cart: ministers, diplomats and journalists are bracing themselves for a nightmare on Monday when the Belgian presidency has committed itself to hold five simultaneous ministerial meetings in the overcrowded Charlemagne building in Brussels, many of them charged with clearing up issues unresolved by EU leaders. Some of the coincidences are fortuitous – with a Gatt deal in the offing, it's as well that foreign, trade and agriculture ministers will be close to one another – but nobody seems to know where finance, health and environment ministers will find room to discuss the state of their particular part of the European Union.

* * * *

At least hangers-on at the ministerial meetings have the sun-seeking, island-hopping, ouzo-drinking Greek presidency of the European Union to look forward to. It begins on January 1 and after the drizzly Belgian presidency should be a welcome New Year tonic. Mr Theodoros Pangalos, the Greek foreign minister, did his bit to raise summit-goers' spirits yesterday by making the case for at least three special Greek weekend breaks on top of the scheduled summit of EU leaders in Corfu next June. Book early to avoid disappointment.

* * * *

More demonstrations to mark yesterday's meeting, and an additional traffic headache for Brussels police. At one point, police were predicting the chaotic near-coincidence in Brussels of 25,000 Belgian socialist union members, protesting against their government's austerity plans, 800 striking teachers, 300 torch-carrying European miners, 400 young Euro-federalists, and thousands of funereal firefighters mourning the death of a colleague. Nothing colourful enough, however, to satisfy Sir John Kerr, Britain's top EU diplomat, who lamented that Brussels demos were always characterised by "too many farmers and not enough French film stars".

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Gatt clash over US tax is defused

By David Dodwell, World Trade Editor, in Geneva

A row over potential US tax discrimination against foreign companies, which for three weeks has threatened agreement over the Uruguay Round of talks on international trade reform, was settled in Geneva yesterday.

After a full week of negotiation, headed on the US side by Mr Les Samuels, US assistant secretary for tax affairs at the Treasury, the US has agreed to abandon threats to exempt itself in the Uruguay Round deal from a commitment to treat foreign and local companies in a non-discriminatory way in so far as tax policies affect trade.

The Uruguay Round text to which the US had objected has been amended to the satisfaction of all 116 countries involved in negotiating the round.

The commitment to "national treatment" – treating foreign companies exactly the same as local companies – is a founding principle of the multilateral trading principles of the General Agreement on Tariffs and Trade. The US threat to exempt itself from the obligation to provide national treatment for tax purposes provoked a storm among Gatt negotiators just three weeks ago.

Alongside US threats to offer full most favoured nation treatment in financial services to just 20-or-so trading partners, the row over tax was seen by many negotiators as bringing into question US commitment to international trade rules. This breakthrough reduces the list of potential "round-breaking" disputes. Those remaining include the financial services issue, US demands that anti-dumping rules be changed, and a US-EU row over access to Europe's film and television sectors.

Negotiators conceded yesterday that existing bilateral tax agreements allow governments to treat local and foreign companies differently for tax purposes. New Gatt rules would only challenge this right if the rules were seen to be used for protectionist purposes.

US concerns that the new Gatt rules were not clear enough, and that they raised the danger of Gatt panels being used as "courts of appeal" against domestic tax rulings, have been resolved over the week's negotiations.

Similarly, tax issues falling outside the scope of an existing tax treaty – and therefore potentially subject to arbitration in the Gatt – will be immunised against Gatt interference. Only future tax treaties face the prospect of being subject to the new Gatt powers – except if treaties are specifically drafted to prevent this.

Mr Morihiro Hosokawa, the Japanese prime minister, has been forced to postpone for a second time an official decision on lifting the ban on rice imports, writes Emiko Terazono in Tokyo.

Mr Hosokawa had intended to make an announcement yesterday, but was forced to reschedule because of opposition from the socialist party, a member of the seven-party coalition.

Japan is expected to agree to accept limited imports for six years and then introduce tariffs.

Jobs hold key to Japan's recovery

A flood of redundancies could tip the faltering economy over the edge, writes **Robert Thomson**

Japanese executives have just begun their annual *bonenkai* or "forget-the-year" parties. With profits down and sales slipping, they have much to forget, but the results of the latest survey of business sentiment suggests that it will be forced smiles all round when they toast the year ahead.

The executives will derive little cheer from the surprisingly favourable GDP figures for the third quarter, which show growth of 0.5 per cent quarter-on-quarter. For this is seen as a lagging indicator and the Bank of Japan's quarterly survey of business found that trading conditions have worsened in the past two months.

Manufacturing companies told the Bank that their sales will fall by an average of 4.5 per cent this year, that capital spending is being cut by 15.3 per cent, and that they face a growing surplus of labour, which raises the prospect of an increase in unemployment in coming months.

But the Bank could point to one positive sign. Companies said the lending attitude of financial institutions has become more "accommodating" over the past three months, reducing the pressure on the Bank to cut the official discount rate from the present record low of 1.75 per cent.

The Bank of Japan has argued that Japanese commercial banks, burdened by bad property-related loans, are still willing to lend to traditional customers, but doubts remain about the readiness to lend to companies not regarded as core customers or in sectors which are suffering most during the downturn.

Officials fear companies under pressure will be tempted to dismiss employees

Officials at the Economic Planning Agency said their greatest concern was that companies under pressure would be tempted to dismiss employees, leading to an erosion of consumer confidence and the stalling of economic recovery in coming months.

The EPA believes that consumers have the resources but not the inclination to spend, and suspects that there will be a recovery of demand for cars and electronic products early next year, two sectors which have been a drag on the economy for much of the past year.

A cut in income taxes is being considered as part of the government's next stimulatory package, due to be put together from next week, but further reductions in overtime and bonuses would work against an increase in consumer confidence. The Bank of Japan's index of excess employment rose from 19 to 26 over the last three months.

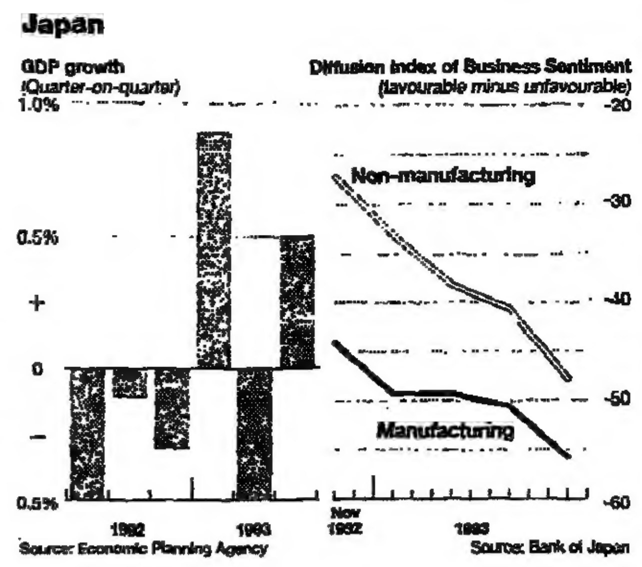
Other indices suggested that the reduction of excess inventories has slowed, while the surplus of production capacity is increasing. A range of small manufacturers, the most likely to cut their workforces, reported a sharp deterioration of business conditions, with industrial machinery makers, materials companies and textile makers among the least optimistic.

Japan's official forecasters are still hoping for a recovery in the final months of the fiscal year ending in March, but the Bank of Japan admitted yesterday that an upturn is more likely to come next fiscal year and that the economy's fate hinges on conditions in the labour market.

Mr Geoffrey Barker, economist at Baring Securities, said business sentiment tended to be particularly pessimistic at this stage of the economic cycle, and there was reason for confidence that there would be a recovery next year. However, he suspects the economy will shrink again this quarter.

The recovery in housing investment, which rose 9 per cent during the third quarter and boosted the GDP figure, was linked to falling interest rates for home loans, an expansion of concessionary finance available to home buyers from the government, and the recognition among buyers that housing prices may have hit bottom.

EPA officials described the economy as "bumping along the bottom", first touched in April this year. However, they concede that a rush of redundancies could send the economy into a downward spiral and are hoping that companies will hold on to their surplus labour for at least a few more months.



Cheaper oil holds down US inflation

By Michael Prowse in Washington

US consumer prices rose 0.2 per cent last month and by 2.7 per cent in the year to November, indicating that the accelerating pace of economic growth is not yet putting much upward pressure on inflation.

The rise in the index was restrained by a 1.3 per cent decline in energy costs between October and November, reflecting recent falls in world oil prices.

Excluding the volatile components of food and energy, the "core" consumer price index rose 0.3 per cent, in line with analysts' projections. The annual rate of core inflation was 3.1 per cent.

The service sector continues to lag behind other industries in containing inflationary pressures. In the year to November services prices were up 3.6 per cent against 1.5 per cent for goods. Goods-price inflation is being kept in check partly by a strong rebound in US productivity. Revised figures this week showed productivity grew at 4.3 per cent a year in the third quarter, stronger than in previous recoveries.

China doubts hit Hong Kong credit rating

By Simon Holberton in Hong Kong

Hong Kong's most prestigious borrower, the Mass Transit Railway Corp (MTRC), yesterday had its credit rating cut because of concerns over political stability in China and their possible impact on the colony.

The decision by Moody's Investor Service to cut the MTRC's rating to A1 from Aa2 drew swift criticism from the corporation and its sole shareholder, the Hong Kong government. But the downgrading of the MTRC's debt, and the official publication of Governor Chris Patten's democracy legislation, had little effect on stock market sentiment yesterday. Strong foreign buying pushed the Hang Seng Index to a record close of 10,228.11 – up 237.85, or 2.38 per cent, on the day.

Chief among the complaints of the government was Moody's questioning of the robustness of the Hong Kong dollar's link with the dollar. Moody's said that China was likely to go through periods of political uncertainty in the future and this could affect political stability in Hong Kong. "The Hong Kong dollar remains vulnerable to such political crises," it said.

In September 1983, in response to financial uncertainty caused by deteriorating Anglo-Chinese relations, the Hong Kong dollar was fixed at HK$7.8 to US$1.

The government said the link had ensured currency stability for the past 10 years. During that time the Hong Kong dollar had withstood shocks induced by the 1987 crash in world share prices, the June 1989 Tiananmen "event" in Beijing and the 1991 Gulf War.

"We have extremely strong backing for the Hong Kong currency, including [accumulated reserves] which stood at HK$287bn at the end of 1992 – among the largest in the world," the government said.

Mr Roger Moss, MTRC finance director, said Moody's assessment was a misreading of the protections afforded to Hong Kong by the Basic Law and the Sino-British Joint Declaration. They give the MTRC's "creditors considerable insulation from Chinese sovereign risk," he said.

At the end of June, the MTRC's outstanding debt amounted to HK$18.8bn, against shareholders' funds of HK$8.2bn.

NEWS: INTERNATIONAL

Russians urged to reject neo-fascists

By Leyla Boulton in Moscow

ELECTIONS IN RUSSIA

Russia's Choice, the radical pro-government reform bloc, yesterday urged rival democratic parties to help it fend off the danger posed by the neo-fascist leader, Mr Vladimir Zhirinovsky, while the government attempted to woo the electorate with last-minute tax breaks.

After polls showed his neo-fascist Liberal Democratic party might become the second largest party in the new parliament to be elected on Sunday, Russia's Choice issued a statement saying "if it has all been a joke to you so far, then now it really is frightening".

Mr Mikhail Poltoranin, a key figure in Russia's Choice, which started off the campaign by refusing to take Mr Zhirinovsky seriously, even went as far as saying Mr Zhirinovsky could become president by next autumn.

But Mr Poltoranin, who is particularly given to hyperbole, did not give details of how this scenario might come about, using it rather as a rallying call to urge leaders of other democratic parties to persuade their supporters to back Russia's Choice.

Meanwhile, the government, many of whose members are leading candidates for Russia's Choice, approved a law on personal income tax, designed to attract additional votes. It raised the threshold of tax-deductible income for each member of a household to a minimum wage level of Rbs14,000 a month. In a decision of interest to foreign companies and Russia's rich alike, it confirmed that top bracket tax-payers, which include most western expatriates, would not see their tax rate increased to 40 per cent next year, as originally sought by the Finance Ministry, but would continue to be charged 30 per cent.

A decree doubling pensions for 90 per cent of pensioners is also expected to be signed by President Boris Yeltsin before the elections. Mr Sergei Alexashenko, deputy finance minister, said it would cost the government Rbs765bn a month – a very large amount given that the budget deficit for the fourth quarter of this year alone is projected at Rbs5,500bn. In another boost for the government, miners in the arctic region of Vorkuta yesterday called off a strike begun on Monday, presumably after concessions from the government in a pay dispute.

Meanwhile, Mr Boris Fyodorov, continuing to express confidence that Russia's Choice would do well on Sunday, yesterday threatened to resign unless President Yeltsin sacked Mr Victor Geraschenko as central bank chairman after the elections. "Either I am right or Victor Vladimirovich (Gerashchenko) is right," he said, referring to their conflict over whether Mr Fyodorov's financial austerity measures are what Russia needs.

Mr Alexander Shokhin, the Russian deputy prime minister responsible for economic negotiations with the EU, yesterday denied reports that Moscow would scrap curbs on western banks earlier than planned, writes Leyla Boulton. He said that remarks attributed to President Boris Yeltsin during his visit to Brussels had been misunderstood. He said that an offshore regime for banks after they had received full banking licences would remain in force.

Apathy envelops the cold heart of Siberia

By Chrystia Freeland in Krasnoyarsk

ELECTIONS IN RUSSIA

Straddling the Trans-Siberian railway, exactly halfway between Russia's European west and its Asian east, the Siberian city of Krasnoyarsk speaks for the Russian heartland.

In the fight for the great Russian middle, Mr Yegor Gaidar, leader of the reformist Russia's Choice bloc, kicked off his campaign there. Mr Vladimir Zhirinovsky, the neofascist candidate, did better, visiting the city three times, and all of Russia's other leading politicians have been careful to include Krasnoyarsk on their whistle-stop tours of the country.

"We are in the middle of Russia, so we reflect the middle Russian view," the energetic young governor of the region, Mr Valeri Zubov, says proudly. "The way Krasnoyarsk votes is the way Russia votes."

But the hardy inhabitants of this frozen region – the centre of Russia's gold rush in the 1830s and later a place of exile for political dissidents – have developed a powerful aversion to the blandishments of the capital's politicians.

Belying their city's name, which translates literally as "red and passionate", the citizens of Krasnoyarsk appear largely indifferent to the forthcoming parliamentary elections and constitutional referendum. Everyone is heartily sick of what are commonly described as "the political games" being played thousands of miles away in Moscow and would prefer to get down to the difficult business of surviving in Russia's crumbling economy.

"Nothing decided in Moscow has any effect on us here," says Mr Sergei Dyakov, a moustachioed 30-year-old machinist who works at one of the city's chemical factories, as he patiently stands in a queue to buy sausage. "In our country, laws have less value than the paper on which they are printed, so I don't plan to vote for any of the candidates or on the constitution," Mr Dyakov says.

> 'In our country, laws have less value than the paper on which they are printed, so I don't plan to vote for any of the candidates'

Mr Ivan Chupriyanov, the barrel-chested director of an alumina factory on the windswept Siberian steppes 250km north-west of Krasnoyarsk, heartily agrees. "The past three years," he says, "have progressively taught us not to be political."

This indifference to party politics is reflected in the decision of many local politicians to run for seats in parliament on the basis of their personal reputations rather than party affiliation.

Yet if eyes in Krasnoyarsk roll heavenward when the subject is politics, the interest in the economy is avid. As in the the rest of Russia, the area is beginning to feel the pinch of finance minister Boris Fyodorov's tight grip over the government's purse strings.

In a region where entire cities were built up in isolated areas to serve the needs of a single factory, the repercussions of this policy are particularly grim. Unable to pay for fuel, dozens of towns – in areas where January temperatures regularly drop below minus 40°F – are cutting off domestic heating. Cash-strapped Krasnoyarsk enterprises are typically at least three months behind in paying workers' salaries.

Unsurprisingly, this financial crunch means pressed factory directors admit their political sympathies lie with the left.

Asked whether he prefers the more moderate reforms advocated by Mr Grigory Yavlinsky over the fast-track approach of Mr Gaidar, Mr Yegor Demianenko, director of an oil refinery in Achinsk, a city 250km north of Krasnoyarsk, is offended.

"Are you trying to insult me?" replies the manager, whose refinery, now operating at less than 50 per cent capacity and running debts of more than 40bn roubles, is one of only two employers in a town of 130,000. "Both of them are terrible." Although he probably won't bother going to the polls at all, Mr Demianenko says that if he did vote it would be for the centrist bloc led by fellow industrialist, Mr Arkady Volsky.

A Cape Town mural of South African president F W de Klerk (right) and ANC leader Nelson Mandela, who collected their Nobel Peace Prize in Oslo yesterday, and two previous South African winners, Archbishop Tutu and the late ANC chief Albert Luthuli

Rome agrees steel reforms with EU

By Andrew Hill in Brussels

Italy and the European Commission yesterday agreed restructuring plans for the Italian steel industry, which could clear the way for an overall rescue plan for Europe's troubled steelmakers.

The plans are now likely to be put to European Union industry ministers at a special meeting next Friday, where they will require unanimous approval.

Discord between Rome and Brussels was the main reason why EU ministers failed to agree a deal on subsidies for European state-owned steel producers last month.

The chances of unanimous agreement on state aid to the Italian, Spanish, Portuguese and east German industries at next week's meeting will now depend on other member states, notably Britain.

Yesterday's agreement followed a meeting between Mr Carlo Azeglio Ciampi, the Italian prime minister, and Mr Jacques Delors, the Commission president.

The agreement was struck yesterday morning by Mr Karel Van Miert, competition commissioner, and Mr Paolo Savona, Italian industry minister.

Under the deal, Ilva, the Italian steelmaker that is to be privatised, will no longer have to close a third reheating furnace at its Taranto plant in southern Italy.

But to maintain the balance between capacity cuts and subsidies, any private buyer of Taranto would be forced to close 500,000 tonnes of capacity in its own flat product activities.

Agreement on state aid to the steel industry is essential to trigger a co-operative programme of production cuts by private steelmakers, which have been suffering from lack of demand and overcapacity.

NEWS IN BRIEF

Delay for Hungary in IMF pay-outs

International Monetary Fund credits for Hungary have been put on hold just three months after it concluded a standby agreement with Budapest, writes Nicholas Denton from Budapest.

Local and IMF officials said yesterday Hungary would not this month be drawing down the second tranche of the 18-month SDR340m (£320m) credit package concluded in September. World Bank structural adjustment credits are also delayed.

Budapest, anxious to maintain appearances before international capital markets and an electorate which will judge the conservative coalition's economic policies in elections next year, denied that it amounted to a suspension of Hungary's IMF agreement. The official explanation is that the central bank's record $6.1bn (£4bn) reserves obviates the need for IMF support.

But the IMF drew attention to deteriorating economic indicators. The agreement assumed a current account deficit of $1.5bn this year but the latest unofficial forecasts put the shortfall at $3bn, or about 9 per cent of GDP. The government's implied budget deficit for 1994, equivalent to 6.2 per cent of GDP, is also overshooting the IMF target of 5.4 per cent.

■ Mr Jozsef Antall, the Hungarian prime minister, has suffered a relapse in his long-running illness, raising new questions about his ability to lead Hungary's governing conservative coalition into elections next spring. An official communique announced yesterday that Mr Antall, who is 61 and receiving treatment for cancer, had developed heart complications.

US plans to cut army reserve

Mr Les Aspin, the US defence secretary, yesterday announced plans to cut the army reserve and National Guard troop strength by 100,000 over the next five years, writes George Graham from Washington. The plan to cut the army reserves to 575,000 in 1999 drew reluctant support from reserve officers and influential members of Congress who have blocked previous attempts by the Pentagon to shrink the reserve in line with the reduction in the overall size of US armed forces.

Some analysts estimate these cuts could save as much as $2bn a year when fully phased in, at a time when bad inflation forecasts and Congress's decision to raise military pay have left the Pentagon $40bn-$50bn short of what it believes it needs over the next five years to maintain its desired force structure.

Chile resolves presidency row

The heads of Chile's political parties have settled a long-running dispute, by agreeing to cut the presidential mandate from eight to six years, less than 48 hours before today's presidential and parliamentary elections, writes David Pilling from Santiago.

Mr Eduardo Frei, who is the candidate of the governing Concertación coalition, is clear favourite to win the presidency.

The agreement to cut the term must be confirmed by Congress.

Mexico frees its central bank

Mexico's Congress has approved legislation that will formally give the central bank independence from the government, writes Damian Fraser in Mexico City. The bank's fundamental objective will be to maintain the purchasing power of the currency.

The new law gives the central bank control over monetary policy, and severely limits the credit it can extend to the federal government. This is intended to ensure that government budget deficits do not lead to an expansion in the monetary base, and a rise in inflation. However, exchange rate policy will be determined by a commission made up of the central bank and the Finance Ministry, in which the ministry has the power of veto.

UN blocks Bosnian Serb fuel

Angered by repeated Serb blockades of fuel to Bosnian government strongholds, UN relief officials yesterday cut off fuel deliveries to Serb-held parts of Bosnia, writes Laura Silber from Belgrade.

"The Bosnian Serbs ...agreed to these deliveries. They have now reneged on the deal," the UNHCR said yesterday.

Despite another pledge in Geneva last week by the leaders of the three warring parties to allow free access for relief convoys, the Bosnian Serbs yesterday again blocked a convoy headed for Gorazde, the desperate Moslem enclave in south-eastern Bosnia designated a UN "safe area".

Jewish settlers kill 3 in Hebron

By Julian Ozanne in Jerusalem

Jewish settlers seeking to sabotage the Israeli-Palestinian peace process shot dead three Palestinian civilians yesterday in Hebron, the main focus of the recent upsurge in violence in the occupied West Bank.

The murders came less than 72 hours before Israel was due to begin a troop withdrawal from the occupied Gaza Strip and West Bank area of Jericho under the terms of the outline peace accord.

They are certain to exacerbate tensions between Israel and the Palestine Liberation Organisation.

In a fresh sign of the continuing disarray inside the PLO, Mrs Hanan Ashrawi, who had risen to prominence as spokeswoman for the Palestinian delegation at the Washington peace negotiations, resigned yesterday.

Mrs Ashrawi has long been identified with a growing body of senior Palestinians deeply critical of the leadership style of Mr Yassir Arafat, the PLO chairman. She announced she was going to set up a human rights watchdog to monitor the new self-governing authority in the occupied territories.

The killings in Hebron overshadowed last-minute efforts by the PLO and Israel to resolve outstanding differences on implementing the peace accord. Since the agreement was signed on September 13, 38 Palestinians and 18 Israelis have been killed.

Mr Warren Christopher, US secretary of state, confirmed yesterday in Tunis that Mr Yitzhak Rabin, Israel's prime minister, and Mr Arafat would meet in Cairo tomorrow in a last minute effort to break the deadlock before Monday's deadline for the beginning of Israeli military withdrawal.

Israel and the PLO remain deeply divided over the size of the Jericho area, control of border crossings and the future role of Israeli troops in Palestinian areas.

Israel radio said a Jewish caller claimed the Hebron triple murder was in revenge for the killing on Monday of an Israeli settler by the militant Islamic Hamas movement. In Gaza yesterday, Palestinians wounded two Israelis.

Israel has said it will not let Arab-Jewish violence jeopardise the peace process. Gen Ehud Barak, army chief of staff, was quoted as saying troops were on a war footing to combat both Palestinian and Israeli extremists.

Many believe the longer a formal protocol between the PLO and Israel is delayed the more extremists will try to exploit the vacuum.

Mrs Ashrawi, a professor of English literature, denied her resignation was a protest against Mr Arafat's leadership. "You have a leadership which has been in exile and a people which has been under occupation...and the prospect of merging these two and creating a democratic system is a source of fear," she said.

Italian unions in one-day strike

Italy's powerful engineering unions yesterday staged a one day strike to highlight the growing number of plant closures and lay-offs, writes Robert Graham from Rome.

Union leaders also threatened similar action in January if the government and employers failed to respond with measures to help offset the employment crisis.

Demonstrations were staged in all Italy's main industrial cities with 15,000 marching through the centre of Rome shouting angry slogans demanding job protection and a new industrial strategy.

The protest was held against the backdrop of two benchmark sets of negotiations over job losses and lay-offs – at Fiat's cars division and at Olivetti, the computer and office equipment group.

Fiat is proposing to lay off 10 per cent of its car workforce for two years as of January and is seeking a 5 per cent cut in jobs. Olivetti is seeking to prune a further 2,000 jobs from its 18,000 strong Italian workforce.

In recent protests Fiat plants have been little affected. But yesterday there was 80 per cent adherence to the strike call at Arese near Milan, the Fiat plant most at risk of closure.

French franc makes comeback

Paris is relieved at the recovery but questions have been raised, writes John Ridding

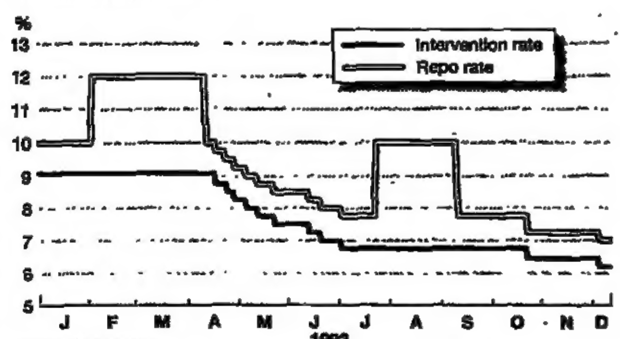
The French franc is back. For the first time since the summer's currency crisis it has returned to the narrow trading bands which formed the basis of the European exchange rate mechanism before the assault from the foreign exchange markets.

The crisis forced a widening of the fluctuation bands around each currency's central rate from 2.25 per cent to 15 per cent and broke the close link between the franc and the D-Mark. But on Wednesday, after a period of gathering strength, the French currency breached its previous floor rate of FFr3.4305 to the D-Mark. It has since traded at around FFr3.4250.

The rise of the franc has been greeted with quiet satisfaction in France's financial ministries. But it raises several questions; from the reasons for the rise, to the implications for monetary policy should the franc retain its vigour.

For French government officials, the franc's fortunes require little explanation. They have always said the franc's rate within the ERM is justified by economic fundamentals. They point to France's low inflation rate, which stands at an annual rate of just over 2 per cent, and the competitiveness of French industry, which will contribute to a trade surplus forecast to reach FFr70bn (£8bn) this year.

French interest rates



Source: Datastream

Private-sector economists agree that economic factors are underpinning the franc. But they add that the fundamentals have become influential only as a result of the collapse of the old exchange rate system. "In the world of narrow bands what mattered was the need to keep interest rates high to stay pegged to the D-Mark," says Mr Paul Chertkow, head of currency research at UBS in London. "With 15 per cent bands it is fundamentals that count."

For Mr Chertkow and other economists, the fundamentals are pointing in favour of the franc. "France clearly leads Germany in the economic cycle," says Mr Bernard Godement, chief economist at the Nomura Research Institute in Paris. In this respect the rise of the franc is part of a broader reappraisal of the D-Mark, which has seen the German currency weaken against other European currencies.

There are other reasons cited for the rise. The prospect of a deal in the Gatt trade talks has eased fears about protectionism. Technical factors are also important. Many currency traders took positions against the franc at FFr3.4180 to the D-Mark, the rate initially defended by the French monetary authorities in the battle against the foreign exchange markets. As the franc again approaches these levels, traders have moved to unwind their positions.

Whether the franc maintains its strength is a hazardous prediction. But the prospect of a continued easing in German monetary policy as inflationary pressures weaken, and a revival, if faltering, in the French economy, should support the French currency. The question then, is how the French authorities respond.

Mr Jean-Claude Trichet, governor of the Bank of France, and his political colleagues are unlikely to rush to reinstate the narrow ERM bands. They are content with the current arrangement, which presents currency speculators with a "two-way risk" by removing the fixed targets set by the former limits. French officials also suggest that the goal of a single European currency requires only that currencies follow "normal" bands for two years, under the terms laid down in the Maastricht treaty on European union.

An acceleration of interest rate cuts in France, in the near term at least, is similarly regarded as unlikely. "We should not expect a change in their cautious approach," says Mr Christopher Potts, economist at Banque Indosuez in Paris, referring to the gradual steps towards lower borrowing costs since the currency crisis. The low-key response by French officials following the franc's return to its narrow bands supports this view.

A sustained rally in the franc could, however, provide the scope and even the need for a more independent stance. Mr Godement argues that the French monetary authorities will be confronted by "a clear trend towards an increase of the external value of the currency", presenting them with the choice between a rising franc or a faster monetary easing than in other countries. Given the desire for stability of the currency, and the fact that GDP growth remains below potential, the decision could be in favour of more rapid cuts in borrowing costs.

For French monetary officials such a scenario represents an enticing prospect. But even without further appreciation, most economists believe the intervention rate, the floor for money market rates, can be brought down to about 4.5 per cent next year from 6.2 per cent now. For the moment, Mr Trichet and his colleagues will be more than satisfied to see the franc settle safely back in its former home.

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OFT presses insurers on life policies

By Alison Smith

Life companies should be made to publish how many of those who buy their products cancel them in the early years, Sir Bryan Carsberg, the director-general of fair trading, said yesterday.

The proportion of life insurance policies lapsing after just a few years has been a driving force behind demands for the industry to provide better information to customers.

Surveys have suggested that on average 30 per cent of policies were terminated in two years with a loss to the consumer, implying that many products had been sold to people for whom they were not suitable.

Sir Bryan's call ended a week in which the life insurance industry was fiercely criticised over how personal pensions were sold to people transferring out of employers' schemes. The Securities and Investments Board, the City's chief watchdog, has launched an inquiry.

"Over-selling or mis-selling of pension policies and endowments is now referred to as a 'national scandal'," Sir Bryan told the British Insurance Law Association.

"Disclosure would put public pressure on companies to review their selling practices and it would signal to regulators which ones were over-selling," he said.

His renewed attack on current practice in the industry came as SIB finalised its plans detailing how life sales agents must tell prospective customers about the products they sell and their commission rates.

It has dropped the idea of using a graph to show policy charges. Instead, it has combined the two approaches put forward during the consultation process.

SIB's board will meet on Thursday to approve the new rules, which will go to the Treasury before Christmas.

On the basis of market research, SIB now proposes that sales agents should give prospective life insurance customers a four-page document, starting with a statement of the policy's aims and the customers commitments and risks. It would then go into a question and answer format on the "key features" of the product.

The document will include two short tables, one giving information such as surrender value and charges in each of the first five years, and the other giving similar information at five-yearly intervals over the length of the policy.

SIB's board must also decide whether to support their officials in recommending that the requirement to disclose commissions should apply not only to life insurance but to term assurance policies as well.

Lautro probes high-income ads

By Alison Smith

Lautro, the self-regulatory organisation for the life assurance industry, yesterday told its members to send in advertising and marketing material for high-income products, so it could investigate whether investors had been misled.

Its guidance said that where an investigation confirmed that investors might not have fully understood the product they bought, then companies must take remedial action, which might include sending further information.

The move follows advice to members earlier in the week from Fimbra, the self-regulating organisation for financial advisers, and a similar guidance note a few weeks ago from Imro, the regulator for the fund management industry.

Fimbra's guidance did not mention the prospect of an inquiry, and the organisation is not calling in marketing material from members.

It is, however, expected to take action next week against one of its members. Following an intermediary's distribution of misleading marketing material, Fimbra is likely to insist that a correction and advice to customers about what steps to take are published prominently in the clients' newsletter.

Regulators are particularly concerned that misleading comparisons may be drawn with the rates of return from forms of savings such as building society accounts.

One of the reasons high-income products have become popular is that investors have looked for ways to replace the income they have lost as interest rates on personal savings have fallen.

But some such products will not repay capital in full unless conditions – such as stock market growth – are met.

The differing and overlapping responses from regulators to this issue will reinforce the argument for the single regulator in this area – the personal investment authority – which is scheduled to start next year.

Change to Serps rebates proposed

By Norma Cohen, Investments Correspondent

Tax rebates to encourage contracting out of the State Earnings Related Pension Scheme should grow as individuals age, in order to prevent them from re-entering the state scheme, a government paper proposed yesterday.

The proposals have concerned life insurance companies because the present system of flat-rate rebates has boosted sales of personal pensions to young people. Flat-rate rebates – where personal pension holders under the age of 30 are entitled to an additional rebate of National Insurance contributions – allow young people to buy better pension benefits than if they remained in Serps.

The life industry estimates that one-half to two-thirds of all personal pensions rely solely on the National Insurance contribution rebate for financing.

The Department of Social Security estimates that only 750,000 of Britain's 5m personal pension policyholders are aged 40 or over.

In its paper, the department outlines three options for setting age-related rebates: an incrementally larger rebate as individuals age; banding several ages with a single rebate rate; or a hybrid scheme combining both options. The government is seeking comments on its proposals by January 15.

The paper notes that any move to age-related rebates would increase the administrative burdens of pension providers by requiring them to keep documentary evidence of each scheme member's age.

The first option, that of setting a different tax rebate for each age, is the fairest, according to the document, and the most cost-effective for the government in that it could ensure that personal pensions were attractive to all age groups. But administering 49 separate tax-rebate structures could "place a significant new burden on business" for employer-sponsored schemes.

The second option, age bands of, for example, five years each, might create a situation where individuals found it advantageous to periodically switch between Serps and private provision. That would also raise some issues of "best advice" required under the Financial Services Act for financial advisers, although the burden on employer-sponsored schemes would be lower than under the first option.

A hybrid scheme could operate by having two broad age bands and continuing a flat-rate rebate for people under 35 years. Five-year age bands would apply to those over 35. The advantage of such a proposal would ensure that the majority of working people would find a non-state pension attractive.

Milk marketing reforms thrown out

By Deborah Hargreaves

The government yesterday put at risk plans to open up the milk market in England and Wales to competition by next April by throwing out proposals by the Milk Marketing Board to turn itself into Milk Marque, a farmers' voluntary co-operative.

Farmers fear the widespread criticisms of the board's reorganisation plans voiced yesterday by the government will put back the timetable for freeing up the market.

The reorganisation plans represent the greatest shake-up in the milk business since the board was created 60 years ago. But the government is afraid that proposals by the board could restrict the development of competition as they would in effect control the bulk of supplies in the new market.

Mr Richard Packer, permanent secretary at the Ministry of Agriculture, yesterday told the board that it should hold talks with dairy companies which have condemned the reorganisation scheme.

The government is being forced by Brussels to abolish the milk board, which acts as an intermediary in the market by buying up all milk from farmers and selling it on to dairies. But the board's plans to transform itself into a co-operative have fallen foul of the European Commission's competition authorities.

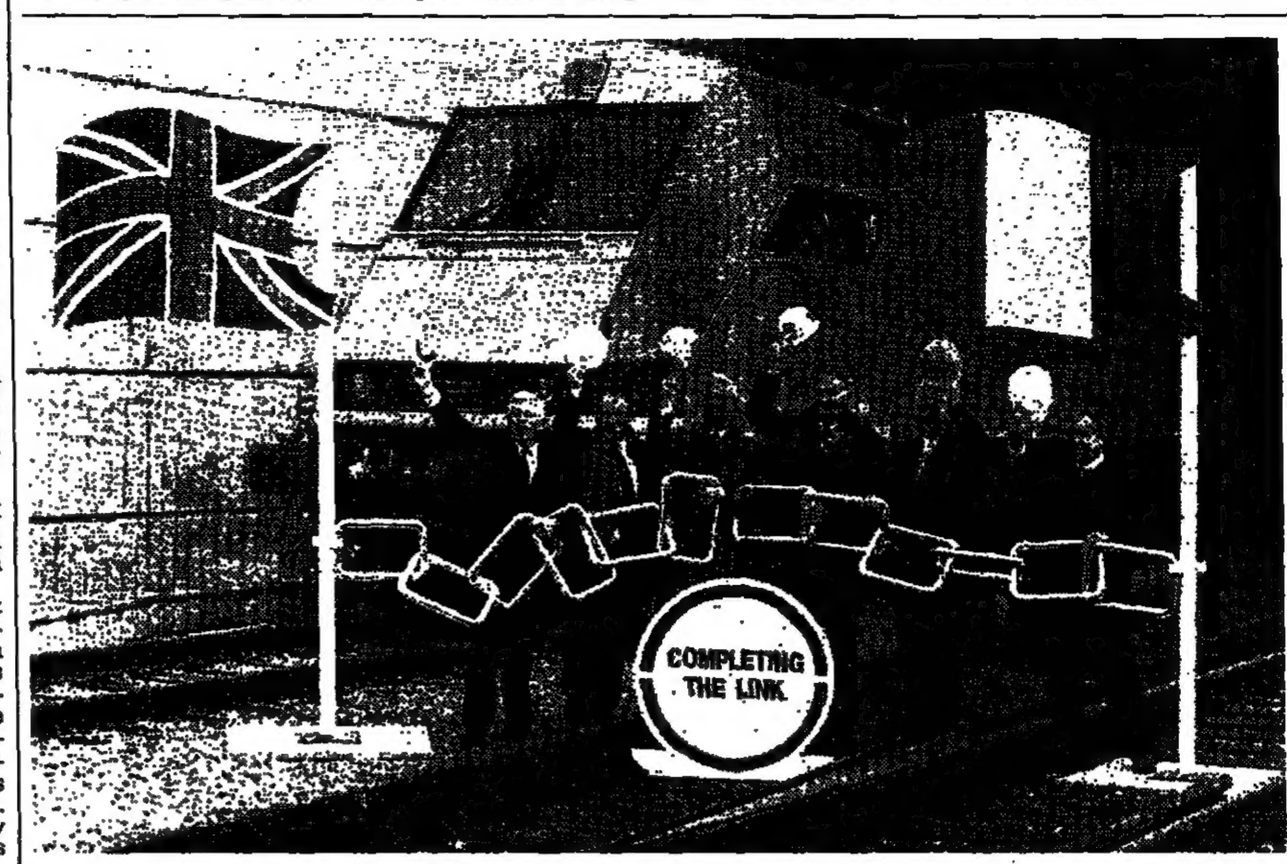
The commission indicated earlier this week that it was not happy with plans to transfer the bulk of the board's assets directly to the proposed Milk Marque, saying this needed further investigation.

Mr Andrew Dare, set to become chief executive of Milk Marque, has promised farmers higher prices for their milk if they join him in April – saying prices will rise because the UK does not produce enough milk for its own needs. His plans to sign up 80 per cent of producers will still give him great power in the new market.

The Dairy Trade Federation, which represents wholesale milk purchasers, has criticised the proposed Milk Marque stranglehold on the market and stressed that its arrangements for milk sales from April are unworkable.

The government yesterday asked the board to look again at its proposals for an auction system as a way of rationing milk supplies to the highest bidder. It also queried the transfer of certain assets such as National Milk Records, the milk testing laboratories, and the breeding advisory service to the new co-operative.

Mr Packer called into question proposals for transferring all haulage contracts to the new body and proposals on how often producers who sign up with Milk Marque are allowed to leave it.



Colin Beere

Chain gang: at yesterday's handover of the channel tunnel are (from left) Peter Costain of Costain, Tony Palmer of Taylor Woodrow, Neville Simms of Tarmac, Sir Alastair Morton of Eurotunnel, Joe Dwyer of Wimpey, and Sir Robert Davidson of Balfour Beatty

Eurotunnel to take to the air

By Raymond Snoddy

Eurotunnel, the operator of the channel tunnel, has been awarded a special commercial radio licence to broadcast travel news and music along the M20 motorway in Kent.

Channel Travel Radio, funded wholly by Eurotunnel, was awarded the restricted service licence for eight years by the Radio Authority. "It's a service for Eurotunnel passengers, but we are required to give information about ferries too," the company said yesterday.

The licence was one of four awarded yesterday by the Authority. By far the largest was a new licence for central Scotland, the last of five new regional commercial licences to be awarded this year.

The licence went to Central Scotland Radio, a company backed by Grampian Television. The new station, which plans to broadcast a mixture of talk and adult contemporary music, will cover Glasgow and Edinburgh and the areas around and between, reaching around 2.3m people. The Radio Authority also awarded two local radio licences for Manchester. Faze FM Radio will broadcast dance music and Fortune will offer easy listening music.

Rise of 25% in NHS managers

By Alan Pike, Social Affairs Correspondent

Political arguments over the growth in the number of National Health Service managers will be intensified by official figures showing a further rise of nearly 25 per cent last year.

The 24.9 per cent increase in general and senior managers between 1991 and 1992 compares with a 1 per cent rise in hospital medical staff, and a 0.8 per cent drop to 971,000 in total hospital and community health service staff levels.

The Department of Health said yesterday that relatively little of the growth stemmed directly from the government's NHS reforms.

Opposition MPs have expressed concern that the NHS is spending too much on administration. Publication of yesterday's figures follows a government announcement this week that the cost of providing cars in the NHS rose from £53.7m to £70m between 1991-92 and 1992-93. There were also claims – based on parliamentary answers – by Mr Alan Milburn, Labour MP for Darlington, that the service had spent an extra £1.5bn on managers, administrators and clerical staff in the past four years.

Yesterday's figures show that by last year there were 16,860 general and senior managers in England, compared with 13,500 a year earlier. The NHS's management structure was reformed in the 1980s, making valid comparisons with earlier years difficult – there were, for example, only 710 general and senior managers in 1987.

The department said that about 62 per cent of last year's growth resulted from what had "in effect been a redefinition of the group". Senior-manager terms and conditions had been extended to other staff groups.

According to the government, only 14 per cent of the increase arose from trust hospitals expanding their management teams as they took on new responsibilities under the 1991 NHS reforms. Another 15 per cent, it said, could be explained by measures to strengthen financial, personnel and information functions in the service.

Hospital, public health and community-health medical and dental staff in England grew by 15 per cent between 1982 and 1992 to 62,080.

Pit cuts stoke fears of more closures

British Coal yesterday told unions it expects to cut staffing by more than half at Ellington colliery, Northumberland, its last remaining pit in north-east England, **Chris Tighe and Michael Smith write.**

Mr Neil Clarke, chairman, also indicated there was a need for further pit closures. He said that plans by electricity generators to run down stocks had added pressure to the need to cut production. His remarks fuelled expectations that the corporation will announce further closures in the new year on top of the seven announced in the past two months.

At Ellington colliery unions were told that British Coal expected to cut 650 jobs by 1996, with 180 going by April. The pit employs 1,240 people.

Production in 1994-5 will be cut from the present annual total of 2.2m tonnes to 1.5m, probably requiring a further 100 redundancies. Further job losses were likely in 1995-6, reducing manpower to 590.

Meanwhile, British Coal is to offer cut-price coal to electricity generators at considerably less than production costs. It believes there will be no sales this financial year but is hopeful the generators will buy several million tonnes next year.

Even if it achieved that target, it is unlikely that more than 15 of the remaining 22 pits would remain open by the time British Coal is privatised at the end of next year or beginning of 1995.

Further threat to defence agency jobs

A further 400 jobs are likely to be cut at the government-owned Defence Research Agency on top of the loss of 2,000 jobs announced just over a year ago.

The agency said it was disbanding its engineering services branch as a separate unit because of a rapid drop in demand from business clients.

This meant that 470 jobs were "likely to become surplus". However, the agency said some of these jobs would have been lost anyway under the 1992 cutbacks, which involve the closure of 15 sites.

The engineering cuts affect eight sites, with the biggest reduction involving 114 jobs at Pyestock, Hampshire. Plans for market testing in the engineering unit and possibly moving it to the private sector will be abandoned.

The agency, formed in 1991 from four Ministry of Defence research establishments, employs about 10,500 people.

Welsh agency aid to rise by £10m

Government grant in aid for the Welsh Development Agency, which was cut from £78.3m in 1992-93 to £59.6m this year, is to be increased next year by nearly £10m.

Mr John Redwood, Welsh secretary, said yesterday that asset sales should allow the agency to have overall expenditure of £167m in 1994-95.

Development post

Mr John Vereker, who is in charge of schools at the Department for Education, is to be permanent secretary of the Overseas Development Administration.

Negative equity loan plan targets new clients

By Scheherazade Doneshkhu

Centrebank, the direct banking arm of Bank of Scotland, has launched what is believed to be the first loan scheme for homeowners caught in negative equity who are not existing customers.

A mortgage for the new property can be provided with a loan covering the deposit on the new house and the shortfall between the outstanding mortgage and the selling price of the old property. The loan is secured against the surrender value of the existing life policy. Borrowing is 0.5 of a percentage point above Centrebank's variable mortgage rate.

Abbey National has launched a negative equity scheme for existing borrowers. Up to £25,000 of negative equity can be transfered to a new mortgage.

Labour wins first battle in MPs' war of attrition

Labour yesterday won the first skirmish in the war of attrition it has declared against the government – though the general who had sounded the battle cry late on Thursday night, Mr John Smith, was away in Ulster and missed the action.

Leftwing hardliners succeeded in halting a Commons debate on a Tory motion on business and industry, giving a measure proposed by Mr Ken Livingstone, the hard-left MP for London's Brent East, some unexpected debating time.

This small but morale-boosting victory came only 12 hours after the party announced it was breaking off all relations with the government.

The move was in protest at government plans to curtail debate on bills implementing changes to statutory sick pay and National Insurance contributions.

Under Labour's protest even non-contentious legislation is being obstructed and the practice of "pairing" will end.

Pairing permits MPs to miss a vote by being linked to a member in an opposing party who agrees to be absent as well. The system is often used late at night and on relatively uncontentious issues.

It means in practice that hard-pressed government ministers and MPs in distant constituencies can get away with less time in Westminster than would otherwise be needed.

Government business managers believe the cushion provided by the government's 17-strong overall majority means that Labour's gesture will be an inconvenience rather than a serious problem. Senior government ministers will almost certainly not have to be bundled out of important international meetings and into Concorde to register a vote on relatively humdrum matters.

Managers believe there will be little effect on next week's proceedings – which include the two guillotined bills – since much of it is subject to a three-line whip, meaning that pairing would not be permitted. MPs are in any case due to depart at the end of next week for their Christmas recess, returning only on January 11.

While Labour's declaration of war is not time-limited, government business managers think hostilities are unlikely to be extended far into the new year – not least because the new situation will also inconvenience Labour.

One Scottish Labour MP said last night that the additional hours in Westminster would not enable him to cut his constituency workload but would mean he would be more "worn out" than usual when he undertook it. Another Labour MP said the decision to sever relations was "a pain in the backside".

David Owen

BNF raises Thorp charges by 3% after opening delay

By Bronwen Maddox, Environment Correspondent

British Nuclear Fuels has warned foreign customers of its Thorp reprocessing plant that they will face a 3 per cent price increase because of the government's delay in deciding whether to give the plant the go-ahead.

The final cost of commissioning the plant – making it ready for operation – has risen by £130m to £359m because of the delay, according to BNF's October business plan, a copy of which has been obtained by the Financial Times.

BNF has sent the business plan to Thorp's overseas customers with "cost-pass-through" contracts which specify that customers will pay if costs rise above the level budgeted. BNF said yesterday that its customers were anxious for the plant to start soon and that none had challenged the increase in charges.

A government announcement that the £2.8bn plant, which reprocesses used or "spent" nuclear fuel, will get a licence to start operating is expected before parliament rises at the end of next week. An announcement was planned this week, but the government has been concerned to minimise the chances of environmental pressure groups overturning the decision in the courts.

BNF originally expected to press the start button a year ago. Its claims about the delay costs have been contested by environmental groups.

Greenpeace, the pressure group which has campaigned most prominently against the plant, said yesterday that the business plan raised questions about BNF's claims that the delay was costing money as it showed that much of the costs were passed on to customers. But BNF says that it can reclaim only a third of the total delay costs, which it estimates at more than £150m.

BNF added yesterday that because it had cut its workforce while waiting for a licence, the costs of delay – after passing on as much as possible to customers – had fallen to some £1.5m a week. In June, BNF said that each week of delay cost it £2.4m.

The business plan also shows that even where the cost-pass-through contracts apply, BNF can pass on only some 93 per cent of cost increases. The delay has pushed the cost of reprocessing a kilogramme of uranium fuel from £721 to £746 in current money values, a rise of 3.5 per cent. However unit prices charged to customers have risen from £852 to £876, a rise of 2.8 per cent.

Greenpeace said: "There are so many contradictory figures about Thorp's economics – that shows that the only reasonable course of action is a full public inquiry."

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Branson to launch no-profit bid for Lottery

By Raymond Snoddy

Mr Richard Branson is to launch a bid to run the National Lottery on a non-profit making basis.

Mr Branson has been working for some time on a plan for a commercial operating company which will hand profits to a charitable foundation.

He has always emphasised that he would only bid against rivals such as The Great British Lottery Company and Camelot to run the multi-billion pound lottery if he was certain he could offer a wholly commercial package.

Mr Branson's company will be the only one of the eight interested parties identified so far which will be bidding on a non-profit basis.

Mr Branson declined to comment yesterday, although an announcement is expected next week. He has always made it clear that he believes the UK National Lottery should devote all its profits to good causes.

The National Lottery is designed to raise money for five "good causes" in equal proportions – the arts, charities, the national heritage, a millennium fund and sport.

The British proposal to hand the running of a national lottery entirely to the private sector is unusual by international standards.

The Lottery Promotion Company, a lobbying group, argued recently: "The government believes that the lottery will only achieve its full potential income if commercial profit is the motive of its operators, when a charitable basis for the operating company might yield more money and more enlightenment for the nation."

Mr Peter Davis, director-general of the National Lottery, will publish the final version of the invitation to apply and the draft licence the week after next.

Meanwhile, the winner of broadcasting rights to the National Lottery is facing a problem over television coverage.

Most bidders have assumed that one of the main marketing tools in establishing the lottery will be a weekly prime-time television programme, which would build up to the draw for the multi-million-pound prizewinners.

The Independent Television Commission has warned the National Heritage Department that under existing rules such a programme would be impossible on ITV or Channel 4.

The ITC view is that the lottery is a commercial product and that a programme entirely devoted to the subject would amount to product placement, which would be ruled out by the 1990 Broadcasting Act.

The BBC said yesterday that it was keen to carry information on the National Lottery as a public service.

Tartan tidings to Iraq seized

Twelve corporate calendars bound for Iraq have been seized by Customs officers under the United Nations embargo on exports to Iraq.

Weir Group, the Glasgow-based engineering company, had sent out 8,000 calendars worldwide. The Iraq box was held by the Customs and Excise seizure unit, which told Weir Group that the gift broke sanctions.

The company had been helping to build a sewage treatment works in Iraq when work was halted by the Gulf war. It sent the calendars to keep in touch with authorities in Iraq.

Customs and Excise said: "There is a total UN embargo on the export of all goods of any kind to Iraq. That means absolutely nothing goes – and we have to enforce that."

The company said yesterday: "We were shocked and flabbergasted.

"We agree with sanctions, but it does seem strange when they apply to business gifts like this.

"We have been given a month to decide whether to appeal, or otherwise they will be destroyed. But we are not going to appeal.

"All they show is typical Scottish scenes, and a different piece of tartan for each month."

Sacked printers lose test case

By Roland Adburgham, Wales and West Correspondent

Sacked workers at J.W. Arrowsmith, the Bristol printing company which has been picketed for nearly eight months, have had their claim for unfair dismissal rejected by an industrial tribunal.

About 120 staff – the majority of the workforce – were dismissed in April in a dispute over pay and conditions.

Three of the printers, supported by their union the GPMU, brought what was regarded as a test case to the tribunal. After a nine-day hearing, the tribunal ruled it did not have jurisdiction because the three had been offered back their jobs.

Arrowsmith had offered to re-employ the workers at their previous pay, but said it would no longer recognise the union. It said it could not afford to meet the demand for a £6.50 a week pay rise and the workers were dismissed after taking industrial action.

Mr John Price, GPMU branch officer, said yesterday that the picketing would continue while the situation was reassessed.

"Obviously we are disappointed we have lost the first round," he said. "We will be taking legal advice and the general secretary will decide how to progress the dispute. Even at this late stage, we want a negotiated settlement."

Trade gap rise may foreshadow import increase

By Peter Marsh, Economics Correspondent

A sharp rise in Britain's trade gap with the rest of the world has revived worries that imports might increase markedly as the domestic economy recovers.

The difference between imports and exports of merchandise goods and oil – the visible trade gap – came to £1.003bn in September, compared with £347m in August.

Even though the low August deficit is regarded as a statistical "blip", the relatively large gap in September suggests the recent narrowing this year in the difference between imports and exports could reverse.

Imports were valued at £11.3bn in September, up 4 per cent on August, while exports came to £10.3bn, down 2 per cent on the previous month.

According to the seasonally adjusted numbers from the Central Statistical Office, the trade gap for the first nine months of the year was £8.522bn, compared with £13.406bn for the whole of 1992.

In last week's Budget statement the Treasury predicted a trade deficit of £11.5bn for the whole of this year, narrowing slightly to £11bn next year.

The CSO said that taking into account the "oddball" August deficit figure and other trends, the visible trade deficit "continues to narrow slightly" compared with last year.

In the third quarter the deficit was £2.390bn, after £3.056bn in the previous three months, and was the lowest quarterly number since early 1991.

Excluding oil and erratic items such as aircraft, ships and gems, the gap between imports and exports for the third quarter was £3.583bn, after £4.311bn in the second quarter. In September, the deficit measured in this manner was £1.298bn, up from £761m in August. In the third quarter the trade gap for manufactured goods was £1,174bn, compared with £1,678bn in the second quarter.

TRADE WITH COUNTRIES INSIDE AND OUTSIDE THE EU
Balance of payments basis (£m seasonally adjusted)

	Exports			Imports			Visible balance				
	European Union	Countries outside the EU	Whole world	European Union	Countries outside the EU	Whole world	European Union	Countries outside the EU	Whole world	Invisibles balance	Current balance
1991	58,936	44,477	103,413	59,814	53,883	113,697	-878	-9,406	-10,284	2,632	-7,652
1992	60,365	46,682	107,047	64,022	56,431	120,453	-3,657	-9,749	-13,406	4,786	-8,620
1993											
Q1	16,466	13,670	30,136	16,447	16,765	33,212	19	-3,095	-3,076	512	-2,564
Q2	15,401	14,205	29,606	16,241	16,421	32,662	-840	-2,216	-3,056	621	-2,435
Q3	16,229	14,602	30,831	16,226	16,995	33,221	3	-2,393	-2,390	n/a	n/a
April	5,037	4,677	9,714	5,341	5,545	10,886	-304	-868	-1,172	n/a	n/a
May	5,156	4,665	9,821	5,363	5,408	10,771	-207	-743	-950	n/a	n/a
June	5,208	4,863	10,071	5,537	5,468	11,005	-329	-605	-934	n/a	n/a
July	5,151	4,847	9,998	5,447	5,591	11,038	-296	-744	-1,040	n/a	n/a
Aug	5,616	4,905	10,521	5,235	5,633	10,868	381	-728	-347	n/a	n/a
Sept	5,462	4,850	10,312	5,544	5,771	11,315	-82	-921	-1,003	n/a	n/a

Source CSO

Although all trade figures this year have been affected by teething problems with a new European Union system of measuring imports and exports, the CSO said it was "confident" the third quarter numbers were sound. On a volume basis, which adjusts for price movements, exports excluding oil and erratics, rose 2 per cent in the third quarter compared with the previous three months, while the same measure of import volumes was flat. In the year to the third quarter of this year, exports on a corresponding basis expanded 3.5 per cent, while import growth was just 0.5 per cent.

The figures indicate that Britain's trade with other EU countries has been better than with nations in the rest of the world. In the third quarter exports to the rest of the EU were slightly higher than imports to the tune of £3m, while with countries outside the region, imports exceeded exports by £2.393bn.

In the third quarter export volumes to the rest of the EU, excluding oil and erratics, rose 2.5 per cent compared with the previous quarter, while imports declined 1.5 per cent.

Employers deserting milk round

By John Authers

Graduate recruiters are abandoning the "milk round" of visits to universities to recruit students as competition for jobs increases, careers advisers said yesterday.

For every 100 bookings made with universities to meet students in 1990-91, only 38 were made this year, according to the Association of Graduate Careers Advisory Services. At the "new" universities, which were polytechnics until last year, there have been only 24 bookings this year for every 100 in 1990-91.

Ms Margaret Wallis, president of the association, said employers wanted graduates who were prepared to take the initiative in looking for work.

Releasing its survey of destinations for graduates in 1992, the association said total graduate unemployment had risen to 12.9 per cent, from 11.5 per cent the previous year.

Employers in fact recruited more graduates in 1992; the increased unemployment rate was caused by an rise of 9.7 per cent in graduate numbers.

Ms Wallis said unemployment rates for school-leavers showed there was still a strong incentive for sixth-formers to apply to university. The survey says pupils who leave schools in England and Wales with A-levels are twice as likely as a graduate to be unemployed and unqualified school-leavers three times as likely.

Despite this, the association claims that the rising graduate unemployment figures of the last few years have deterred many employable graduates from applying for jobs.

Universities appeared to be taking vocational qualifications more seriously, with the proportion of BTec students continuing in higher education increasing from 29.8 per cent in 1990 to 51.7 per cent in 1992.

What Do Graduates Do? Biblios Publishers' Distribution Service, Star Road, Partridge Green, West Sussex RH13 8LD. £4.99.

Nuclear group's policy push

By Michael Smith

Scottish Nuclear, the state-owned utility, yesterday risked the wrath of the government by launching a high-profile campaign promoting an energy policy which "balances the merits of the market with long-term sustainability".

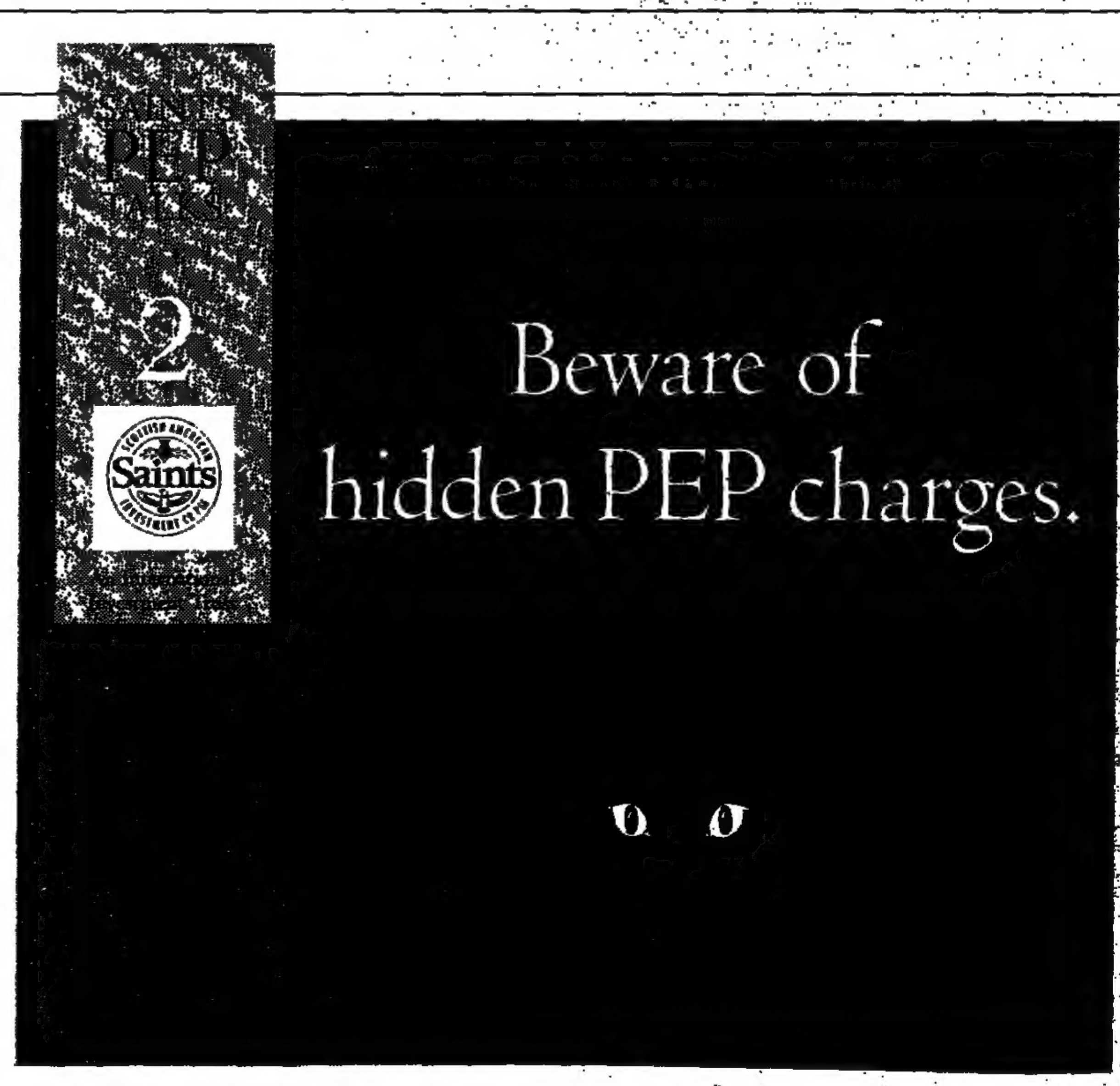
The campaign, involving newspaper advertisements and the mailing to MPs and large companies of a 20-page document, comes as the government prepares to publish the terms of its long-promised review of the nuclear industry.

Ministers are likely to view the campaign as an attack on their stated policy of relying on market forces to determine the sort of energy Britain uses.

The launch of Scottish Nuclear's campaign comes just two weeks after the government rebuked Nuclear Electric for pushing for privatisation of the industry.

Mr James Hann, Scottish Nuclear chairman, said yesterday that the market framework needed to be adjusted to consider long-term energy concerns arising from population growth and global warming.

He said there was a danger that the UK would become too reliant on gas for its energy needs, with a steady decline in nuclear, coal and renewable electricity generation. Gas prices were likely to rise as a result, but by then it could be too late to go back to coal or nuclear generation.



Tartan tidings to Iraq seized

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of charges.

Three banks win marathon civil case over shares acquisition

Maxwell ruled a fraudster

By John Mason, Law Courts Correspondent

Robert Maxwell, the late publisher, misappropriated pension-fund assets and fraudulently dealt in a company's shares in a desperate attempt to prop up his ailing business empire, a High Court judge ruled yesterday.

Giving judgment on a civil action between Macmillan, a Maxwell group subsidiary, and three investment banks, Mr Justice Millett said the tycoon had been dishonest in his dealing in shares of Berlitz, the language school and publishing company. These were epeatedly used to raise money to repay debts within the Maxwell group of companies.

Ending the marathon litigation, the judge ruled in favour of the three banks – Lehman Brothers, Swiss Volksbank and Credit Suisse – saying they had honestly acquired the Berlitz shares which were later sold for more than $137m.

That had been disputed by Macmillan which had begun the legal action in October last year to claim compensation. It had claimed the banks had known or suspected that the shares had been improperly acquired from Macmillan.

The judge, dismissing its claim, ruled that staff from all three banks – Mr Mark Haas and Mr Robert Price of Lehman Brothers, Mr Stephen Foster of Swiss Volksbank and Miss Julie Maitland of Credit Suisse – had acted honestly.

Mr Justice Millett said that before Mr Maxwell died in November 1991 the shares in both Mirror Group Newspapers and Maxwell Communication Corporation had steadily fallen in value. Mr Maxwell had to provide ever-increasing collateral to his bankers and lost substantial sums supporting the share price of the public companies.

"After his death it emerged that, in increasingly desperate attempts to prevent the collapse of the group, he had resorted to whatever assets lay to hand, whether they belonged to the private side, the public companies, or even the group's pension funds," the judge continued.

"Many of these assets thus misappropriated, especially those whose proceeds were expended in the share-support operations, have been irretrievably lost."

Mr Maxwell transferred the ownership of the shares from Macmillan to Bishopsgate Investment Trust, another Maxwell company, on November 5 1990.

This was done with "fraudulent purpose" on Mr Maxwell's part so they could be used to raise money to support his private companies, and was against the interests of Macmillan. Mr Maxwell did not contemplate honest dealing with the shares for Macmillan's benefit, the judge said.

Within days, the first shares were offered to Credit Suisse as security for a loan to one of Mr Maxwell's private companies.

The judge said: "The Berlitz shares were repeatedly used to secure the payment of debts owed to many different creditors, often being released from security by one creditor only to be immediately deposited by way of security with another."

All 1.9m shares held by Lehman Brothers were used as security for loans to Bishopsgate Investment Management, the fund manager of the Maxwell Group pension fund.

The 2.4m shares held by Swiss Volksbank were taken as collateral against a $35m loan to one of Mr Maxwell's private companies. The 1.5m shares held by Credit Suisse were taken as security for a £50m loan to the private companies.

After the hearing Lehman issued a statement saying: "Our belief that we acted entirely properly in our dealings with the Maxwell group of companies has been fully justified."

Women's share of public jobs rises 2%

By Robert Taylor, Labour Correspondent

An estimated 40 per cent of appointments to public bodies made by ministers during the past 12 months have gone to women, it was announced yesterday by the Cabinet Office.

Mr William Waldegrave, the minister responsible for public services, said the rise was a welcome improvement. "This ... demonstrates our continuing efforts to ensure women can play their proper part in our public life," he said.

Women now make up 28.2 per cent or 12,007 of the mainly part-time and unpaid posts on public bodies. The posts include health authorities, industrial and rent assessment tribunals and consumer organisations. This represents a 2 per cent increase since September last year.

Mr John Major, the prime minister, wants to see women make up between a third and a half of all public-service appointments. At present about 35 per cent of the 5,000-strong list of people seen as "suitable for appointments at national and local level" are women.

The Cabinet Office also disclosed yesterday that 2.3 per cent of public appointments are held by ethnic minorities – a rise of 0.3 per cent over the previous 12 months. At present an estimated 5 per cent of the economically active population are members of ethnic minorities.

The government aims to increase the number of people from ethnic minorities in public-service appointments so that it "more closely reflects" their contribution to national life.

A portrait by El Greco, the only one by him of a woman likely to appear on the market, sold for £1.7m at Christie's yesterday, Antony Thorncroft writes. The price was double the estimate and was a record for the artist. The sitter is believed to have been his daughter-in-law. The portrait was painted in the 1580s. It sold at Christie's in 1851, with another picture, for three guineas and was sold yesterday by the estate of the late Mary, Viscountess Rothermere. The Old Master auction brought in £10.9m in total.

Soluble nappies ready for market

A Norfolk-based company plans to market a soluble and biodegradable film which will allow nappies and feminine-hygiene products to be safely flushed down the toilet.

Film Technology is seeking a worldwide patent on the composite film, known as B9, which will be launched in the new year. It would be used to replace the outer plastic film found in current brands.

More than 3bn disposable nappies are used in Britain each year, creating an estimated 70,000 tons of waste. About 40bn are used annually worldwide.

The company, based near Thetford, says the nappy film is impervious to water on its inner side. But that breaks down when it is flushed away and the nappy changes into a biodegradable "slurry".

BT directory probe is halted

The Office of Fair Trading has suspended its investigation into claims that British Telecommunications manages its telephone directory business in a way unfair to customers and competitors.

But Sir Bryan Carsberg, director-general of fair trading, said he was doing so only to allow Oftel, the telecommunications regulator, to investigate the issues first.

Sir Bryan said he remained concerned about BT's policy of obliging customers to buy directories and including the cost in the line rental charge. He also wanted Oftel to examine the cost and other obstacles faced by competitors in getting customers' telephone numbers into BT directories.

Council wins in Sunday shops case

Lincoln City Council was yesterday awarded a High Court injunction against the town's Currys electrical store to stop it trading on Sundays.

Mr Justice Lindsay said he knew of no precedent for a court "staying its hand" simply because a change in the law was imminent.

Welsh port put into receivership

Pembroke port in west Wales has gone into administrative receivership.

Port of Pembroke, a subsidiary of Govan Davies and formerly a naval dockyard, was developed in 1988 as a deep-water dock with cold-storage facilities. It employs about 45 people.

Primary school classes grow

The number of primary school children in England taught in classes of more than 30 rose by 6.23 per cent last year.

A parliamentary answer to Mrs Ann Taylor, Labour's education spokeswoman, shows that 1.142m primary school pupils were in classes of more than 30 in January this year, up from 1.075m last January.

Link road opened

Mr Tim Sainsbury, industry minister, yesterday opened part of a £50m spine road in Bristol. The 2km road, due for completion next summer, links the M32 with the A4.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 11.12.93: Pool purchase price £/MWh	Final Prices for Trading on 10.12.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.17	19.07	19.07
0100	34.19	38.42	38.08
0130	38.00	38.42	38.08
0200	36.00	38.42	38.08
0230	25.91	26.42	27.08
0300	25.91	24.80	28.28
0330	25.91	24.49	28.16
0400	25.41	23.75	26.42
0430	21.19	20.94	22.80
0500	21.02	20.94	22.80
0530	20.76	20.76	22.42
0600	20.76	20.76	22.42
0630	21.01	20.76	22.42
0700	21.01	20.76	22.42
0730	21.01	20.76	22.42
0800	21.64	20.76	22.42
0830	20.76	21.02	22.59
0900	24.14	21.64	23.31
0930	21.64	23.42	25.08
1000	38.00	32.42	34.08
1030	38.00	32.42	34.08
1100	38.00	32.42	34.08
1130	24.14	32.42	34.08
1200	24.14	23.42	25.08
1230	24.00	23.42	25.08
1300	24.00	23.42	25.08
1330	24.00	22.50	24.18
1400	18.11	18.48	18.48
1430	18.07	18.18	18.18
1500	18.07	18.11	18.11
1530	18.12	18.08	18.08
1600	22.65	18.52	18.52
1630	27.30	27.22	28.88
1700	29.81	29.41	31.07
1730	33.86	31.20	32.86
1800	33.86	31.20	32.86
1830	33.45	30.42	32.09
1900	29.82	27.22	28.88
1930	25.65	26.71	28.38
2000	26.25	23.42	25.08
2030	24.69	22.50	24.16
2100	24.69	21.64	23.31
2130	21.76	21.49	23.15
2200	21.75	21.49	23.15
2230	21.58	18.18	18.18
2300	18.07	18.07	18.07
2330	18.04	18.05	18.05
2400	18.04	18.04	18.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible]

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FINANCIAL TIMES

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The house that Jacques built

Where would – and will – the European Commission be without Jacques Delors? Back in August, the collapse of the European exchange rate mechanism in the face of a deepening European recession seemed to signal the final disintegration of the project to which the Commission president has devoted the last 10 years. But, far from admitting defeat, Mr Delors has forged ahead with work on a white paper designed to address the competitive deficiencies within the European economy that the last few years have cruelly exposed. As a coherent vision of Europe's future, the document is only half convincing. But that, given the obstacles that Mr Delors faced, is better than most people expected.

Mr Delors – a Brussels-based socialist at the centre of a predominantly conservative-governed Union – has a reputation as something of an ideologue, a man determined to pursue French-style *dirigisme* on a wider European stage. But the white paper demonstrates that the Commission president is, above all, a pragmatic and skilful politician.

The white paper rightly states that more needs to be done in order to build a dynamic, liberal and competitive European economy; most obviously, a successful conclusion to the Uruguay Round is required. Aspirations for private involvement in the financing of trans-European infrastructure projects, streamlining welfare systems and removing remaining obstacles to free trade all suggest that the Commission remains on the liberal-minded road.

The labour market remains Europe's Achilles' heel. But the Commission's willingness to embrace an agenda of reducing regulations – including minimum wages – and cutting non-wage labour costs, combined with investment in education and skills, is encouraging. The sentiments suggest that Mr Delors, and his Commission colleagues, have moved a long way towards accepting the need for deregulation to promote job growth.

Rigid timetable

Yet there are substantial holes. The document confirms, for example, the importance of a stable, European macroeconomic framework. But it does not acknowledge, let alone draw conclusions, from the failure of the hard ERM to deliver that stability. Nor does it explain how a growth and job oriented strategy can be meshed with the rigid timetable and convergence criteria laid down in the Maastricht treaty.

The problem is that the events of the summer, while derailing the Maastricht monetary timetable, have clearly been to Europe's benefit. The shift to wide ERM bands and the consequent freedom to cut interest rates that this has given European governments seems to have delivered, by accident rather than design, the necessary combination of loose exchange rate co-ordination and monetary flexibility. The resulting downward trend in European interest rates is helping both the German and French economies to emerge from recession. French growth is still being being dragged down by unnecessarily high real interest rates, but that is now the sole responsibility of the French government.

Sensible approach

In short, Europe seems to have stumbled into a workable monetary system. But what of the monetary union timetable, the role of European Monetary Institute, the apparent French desire to stay within narrow bands, or the fiscal convergence criteria? The sensible approach would be to maintain the current flexibility, abandon the requirement to move to Emu via narrow bands, set up a system of consistent national inflation targets and entrust the EMI with monitoring convergence across a broad range of nominal and real variables.

All these issues Mr Delors studiously ignores. But it is on fiscal policy that the white paper is most misjudged. The case for investment in trans-European networks is strong. The argument for a European-wide fiscal expansion is less so. But the case for allowing the Commission to borrow directly from the capital markets in order to finance this investment – the proposed Union bonds – is full of holes.

As a trick to allow national governments to bypass the Maastricht fiscal criteria, it is transparent and unnecessary. As a means to enable fiscally irresponsible countries, such as Greece and Italy, to borrow cheaply under a different name, it sets a dangerous precedent. But it is the constitutional implications of the fiscal proposals that are most worrying.

Mr Delors' strategy, it seems, is to use the shield of a recovery programme to enable the Commission to assume more of the fiscal powers of a sovereign state. But that is a step which begs questions that go far beyond the scope even of the most wide-ranging examination of Europe's economic future.

The white paper sets out clearly Mr Delors' vision of a flexible, low regulation, high investment, job-creating community of nations. The task of explaining how Europe's political institutions are to be developed to match this economic aspiration is one for the EU's political leaders, aided and abetted by Mr Delors' successor.

Norma Cohen talks to those whose plight has led to an inquiry into UK pensions

Retiring hurt but wise to the world

Jonathan Knowles's problems started with a Metropolitan Police sports day in 1989. Mr Knowles, 29, with seven years of service under his belt, ran into a fellow officer he had known at training school. "He told me he had got a personal pension that was better than the police force's. But he said he couldn't tell me about it – I would have to go to the main office of the insurance company."

The man at the main office of what was then Merchant Investors Group, now owned by insurance group Cannon Lincoln, was a former police officer. "I trusted him," says Mr Knowles. "When you speak to an officer, you are talking to one of your own. And who better to talk to about the police pension scheme than an ex-policeman?"

Thus began a tale that left Mr Knowles bereft of roughly four years of pension benefits from one of the best schemes in the country. The Metropolitan Police have told him it will cost at least £24,379 to buy back the pension benefits he gave up.

He only discovered he had been badly advised when talking to The Donnellsons, the independent financial adviser which does not accept commissions, about his mortgage.

After a review of his financial affairs, it pointed out how much he had lost by leaving the police scheme. Mr Stephen Bourne, pensions specialist at The Donnellsons, says the sales process had been seriously at fault. "Here's a chap who is perfectly intelligent, who can understand the benefits once you sit down and explain it to him, and yet, has got a bad deal."

Mr Knowles is not unique. Earlier this week, the Securities and Investments Board, the City's chief regulatory watchdog, said that as many as four out of five people who have left employers' scheme in the past five years to take out a personal pension may have received bad advice. The SIB estimates that some 500,000 people have been transferred out of occupational schemes and into personal pensions since 1988.

The SIB, which used the accountancy firm KPMG Peat Marwick to investigate a random sample of personal pensions transfers, found that in most cases, sales agents had not asked for enough information from clients to offer proper advice.

Because SIB insists that pension entitlements must be restored when clients have been misled, several hundred million pounds will have to be paid out by life insurance companies and banks. But many pension holders could still lose out.

Exactly how a crisis of such proportions could have developed unchecked for so long is a troubling question. It is also an embarrassment for a Conservative government which in the late 1980s was actively encouraging the spread of personal pensions. Though personal pensions remain appropriate for many people, the regulators, industry officials and the government must now agree how to prevent misleading advice being given.

In Mr Knowles's case, he says he was overwhelmed by the sales patter, "You feel like a bit of a mug," he says. He is now back in the police scheme but is in dispute with MI group about how much they should pay the scheme to restore his entitlements.

The sales agent's pitch, say others in the business, was all too familiar. Mr Knowles was told that if he contributed £100 a month to a MI personal pension it would give him a £300,000 lump sum at maturity. "He [the sales agent] told me I would get a lump sum of £45,000 from the

Tim Smith

Alan Hayes, a miner enticed out of the Miners' Pension Scheme into a personal pension before being disabled

police . . . Then he took a pencil and started drawing me all these diagrams," he says. After all the drawings and numbers – meant to show the merits of a personal pension – Mr Knowles was convinced.

The Donnellsons says those figures are hard to believe. The police scheme, which allows full retirement at 50, cannot be matched by any personal pension plan, it says.

Mr Jon Minchin, who runs Pensionline, an independent financial advisory service specialising in pensions, says Mr Knowles' sales agent

In most cases, sales agents had not asked for enough information from clients to offer them proper advice

appears to have followed a often-used script – know as the "ice-breaker" because it makes people think about buying a product they were not even contemplating before. First, the agent asks, what interest rate the prospective client gets on a building society account. This is then compared with the current rate of inflation – a comparison likely to show low real returns. "Is it really worth going down to the building society on a cold wet day for 3 per cent? If I could show you an easy way to save and give you 12 per cent, would that be of interest to you?" could be the sales agents next questions. "He'll then start drawing you diagrams and you are dead meat from now on," Mr Minchin says.

There are other approaches, that critics say are inappropriate for selling complex financial products. To get an appointment, sales agents try the 'lucky slot' gambit. "I've just looked in my diary and I'm in your area on Tuesday and I could fit you in at 2:30. If you say that date or time is inconvenient, you will be amazed at how many other times he can 'fit you in'" he says.

Mr Minchin also details the "fear pitch", sometimes known as "back up the hearse and let them smell the flowers". The agent asks: "Will your children be able to eat if you are run over by a bus?"

One former salesman for Pioneer Life, later sold to Swiss Life, the insurance company, describes the pitch he was taught: "You get a guy and say to him 'Do you see yourself staying in the same job for 40 years? How many jobs have you had so far?'" He would then tell the prospective client that unless he planned to work for the same employer for the rest of his life then they needed a personal pension. Under the rules set by Lautro, the self-regulatory body for the life insurance and pensions industry, agents are supposed to show a range of possible returns under different interest rate conditions. But the salesmen would show only the highest, the salesman says.

One group of workers that proved particularly vulnerable was mineworkers, says Mr Simon Hill of the Mineworkers Pension Scheme. One pit in Nottinghamshire, learning it would soon close, sponsored a seminar on alternative employment at the local town hall. Along with the department of social security and government-supported employment agencies, came insurance company representatives. They offered free buffets and beer, and staffed them with sales agents offering immediate details on the benefit of transfering to a personal pension. A sig-

After paying more than £2,000 the fund value was almost nil because commissions and charges had eaten up the balance

nificant number of those on the receiving end found the tactics irresistible. Mr Allan Hayes, 38, a former coal miner at the British Coal Selby pit, was enticed out of the MPS and into a personal pension with Allied Dunbar, the life insurance company owned by BAT industries. "The sales agent asked me what my scheme benefits were and he turned to me and said 'without a doubt I can do a better deal for you' And him being brighter than me, I took his word."

So in 1989, after 10 years in the MPS – a scheme which provides fully indexed benefits – Mr Hayes took out a personal pension. "They come to see you and they blind you with all these numbers," he says. While the figures shown to him looked substantial in 1989 pounds, the sales agent failed to remind him of the likely effect that future inflation would have on returns.

Matters came to a head in June 1991, when Mr Hayes crushed his forearm in a pit accident. In November 1992, the MPS wrote to him saying it was offering to re-admit those who had opted out. Mr Hayes, on sick leave at the time, jumped at the chance and was allowed to rejoin once he returned to the pit. After a short time, it became clear his injury made him unfit for work and he sought early retirement.

Because of the four-year hiatus from the MPS, Mr Hayes is only entitled to a pension of £54 per week. Had he not opted out, he would have been entitled to receive £106 per week, according to the MPS. "This is a cruel thing that they [Allied Dunbar] are doing," says Mr Hayes.

He says it is ironic because Allied Dunbar initially turned him down on the grounds that he was better off in the MPS. But the sales agent told him to sign a letter to the company, which Mr Hayes says the agent dictated, saying he had already opted out of the MPS and had nowhere to go except Allied Dunbar. Although that was not the case, Mr Hayes agreed.

In response, Allied Dunbar says the sales agent no longer works for it and the case is being investigated, although it has taken some time to collect the relevant documents.

Currently, Mr Hayes says, the insurance company is citing the letter in its refusal to accept his claim that he should be bought back into the MPS scheme. The MPS says it will cost £15,700 to restore his entitlements; Mr Hayes says Allied Dunbar has offered only £1,300.

Such a tactic of obtaining a client's signature absolving the sales agent from responsibility for advice given is apparently not unique. Mr Minchin cites the case of another client, a teacher in Hampshire, who had approached the TSB, the high street bank, to discus concerns about the adequacy of her pension after a seven-year absence from work. She said she was advised to leave the Teachers' Pension Scheme and buy a TSB pension instead.

On April 10 1990, the sales agent completed a "fact find" which concluded that a TSB pension was the most suitable product for her. But on April 25, she was asked to sign a disclaimer which said she was acting independently of the advice given by the sales agent.

When the teacher realised she would have been better off remaining in the Teachers' scheme, she tried to transfer her personal pension back in. But she found that after paying more than £2,000 in premiums, the value of the fund was almost nil because commissions and charges had eaten up the balance.

After an exchange of letters, TSB agreed to place funds in the Teachers' scheme to fully reinstate her, a sum estimated at £8,000.

Aside from the question of how to compensate thousands of people who have been persuaded to undercut their own retirement benefits, regulators must now ask whether an unsophisticated public can reasonably be expected to choose between two alternative forms of pension when a commission-hungry sales agent is touting the merits of one. The evidence so far suggests the answer is no.

MEN IN THE NEWS: Yegor Gaidar and Grigory Yavlinsky

Reformists with the mostest

John Lloyd on Russia's opposing economic champions

Reform of the economy is the central issue in Russia, and has been the main theme of the election campaign. Mr Yegor Gaidar has dominated – not because his proposals are popular, but because they have commanded the general support of President Boris Yeltsin and have attracted (not without compromises) such centrist figures as Mr Viktor Chernomyrdin, the prime minister. Mr Gaidar has never succeeded in going as far nor as fast as he has wished, but he has been able to stand against a full-scale reversal of his policies.

In the first fully democratic elections Russia has seen, however, he has been confronted by a man who proposes an alternative vision of reform – and who insists that he is *more* of a reformer than the first deputy prime minister. Mr Grigory Yavlinsky, head of the Yabloko electoral group, has put before the voters a strategy which, though not fully fleshed out, has the advantage that it has not been put into practice. Mr Gaidar's way has inevitably claimed victims.

Between these two youngish men (Mr Gaidar is 37, Mr Yavlinsky 41) there is little affection. Mr Gaidar, leader of Russia's Choice, was born among the Soviet elite: his grandfather was a civil war general after the 1917 revolution and a famous children's writer (streets are named after him), his father a military commentator on the daily newspaper Pravda. The leader of Yabloko was born of a Russian family in the west Ukrainian city of Lvov, where his father was a serving officer who ran an orphanage.

Mr Yavlinsky came to government first – serving as a deputy prime minister in the (Soviet era) Russian government formed by Mr Boris Yeltsin in 1990 – after co-authoring the "500 day" reform plan. He resigned when Mr Yeltsin failed to support his proposals, and then worked with Professor Graham Allison of Harvard University (now an assistant secretary in the US Defence Department) on the "Grand Bargain" plan to reform the Soviet economy with western assistance.

A deputy prime minister in the last Soviet government under Mr Mikhail Gorbachev, Mr Yavlinksy ended his government service when the latter resigned two years ago, and has since headed his "Epicentre" consultancy group, advising the government of Kazakhstan and the leadership of the Nizhny Novgorod region, while keeping up a steady stream of informed criticism of the reform process. Shortly before the elections, he put together his electoral coalition – sharing the leadership with Mr Yuri Boldyrev, a former Soviet deputy and Russian government adviser, and Mr Vladimir Lukin, presently the Russian ambassador to the US.

Mr Gaidar came to government as Mr Yavlinksy left it. After a career which spanned academia and journalism (for the once-prestigious Kommunist and Pravda), he was invited by President Yeltsin to spearhead economic reform in the first cabinet of an independent Russia – later becoming acting prime minister. As Mr Yavlinsky tells the story, Mr Gaidar asked him to join that government: after a long and heated talk in Mr Yavlinsky's room on the 27th floor of the former Comecon building, which has a panoramic view of Moscow, he refused. Mr Gaidar went on to liberalise prices and trade and to begin the privatisation process in an increasingly rocky year (1992) which ended with his forced resignation. Out of government, he formed Russia's Choice, which swept into it many of the radical democratic groups in parliament and outside.

Yavlinsky is by turns impatient and jocular, striving to be centre of attention

Both these candidates for the highest offices of state are of high intelligence, but they are otherwise different in chemistry and attitude. Mr Gaidar insists he is a reluctant leader: Mr Yavlinsky has loudly and frequently announced his intention to stand for the presidency. Mr Yavlinsky is by turns impatient and jocular, always at the centre of attention or striving to be: Mr Gaidar is courteous, slightly awkward and formal. He has found it hard to learn the hand-shaking, back-slapping part of government and politics, and in a recent phone-in on Moscow Radio his desire to make himself and his politics attractive was at patent war with his distaste for giving easy answers.

Where Mr Yavlinsky has had the luxury to condemn most of Mr Gaidar's actions and to hold up his own – untested – propositions as manifestly better, Mr Gaidar has been forced during the campaign to defend or at least make the best of an economy which continues in deep crisis.

His first year was a hard one. In an interview in the newspaper Izvestiya, he described last year thus: "Imagine that you know in theory how to fly a plane. And then someone sits you down in the cockpit – not of a trainer, but in a real plane. The pilot disappears, the plane is falling rapidly towards the ground and nobody wants to sit in the pilot's seat. You sit there and try to think how the plane will react to your commands. But you have no experience and no feeling of real contact with the engine, without which your actions are crude and often spasmodic. That's how I felt in my first period in government."

No wonder he felt so. Prices, which he had thought would double, went up 10-fold. Support for radical reform, apparently solid after the collapse of the 1991 August putsch against President Gorbachev and of the Soviet Union, itself collapsed by the spring of last year. Increasingly, politicians and commentators told Mr Gaidar that the costs of reforms were being felt above all by the old, the poor and the sick.

He was derided as a shock therapist, an arch-monetarist, a destroyer of the Union. There was truth in all of this. Early in 1992, he held a joint press conference with Mr Leszek Balcerowicz, the former Polish finance minister, whose rapid stabilisation of the Polish currency in January 1990 was a model for supporters of Mr Gaidar, to stress his "shockist" credentials. His programme was for Russia alone, not (as Mr Yavlinsky's) for all the former states of the Union: he and his circle had, after the putsch, concluded that the Union's time was up.

Gaidar, who dislikes easy answers, is courteous, formal and slightly awkward

Mr Yavlinsky stands against this overall philosophy. In an interview with the Financial Times on Thursday, he said that "Gaidar liberalised the Soviet economy. I will destroy the Soviet economy. In doing what he did, he simply made state monopolists into private monopolists. My programme is to demonopolise, to privatise much further, and only then can you stabilise the currency."

He said he would also resume the search – which he gave up when the Union crumbled – for an economic and banking agreement between the members of the Commonwealth of Independent States. This would co-ordinate their economic and monetary behaviour. "I think now they are ready for this. I would say that if they wished to keep separate currencies they should do so, but actually Ukraine has shown this doesn't work." Hyper-inflation is raging there and the currency has collapsed.

The two men differ on the possibilities for reducing inflation. Mr Gaidar has pledged, again and again in this campaign, that inflation will come down to 5 per cent a month by the end of next year from its present rate of 15 to 20 per cent: in his Izvestiya interview, he said that he hoped the average wage, which he said was now about the equivalent of $80 a month, would rise to $120 or more by the end of next year.

Mr Yavlinsky thinks this is nonsense. "Inflation will not come down significantly, whatever happens," he said. Further, he believes that unemployment, now hidden, will burst out in the coming year. Under any of the reform options, harder times are to come: but under his, he says, an economy still caught in the rigid grip of a socialist system – its props gone but its internal workings still unreformed – will at least be shaken up and exposed to market competition.

The difference between the first deputy prime minister and the man who would be president is thus as much as, say, divides a liberal or conservative party from a social democratic one in a western state. Both are within the boundaries of market principles, but both have their own logic.

But this is Russia 1993. As the campaign winds up, the threat of a high turn-out for the neo-fascist and Communist parties appears to grow.

Mr Gaidar has for some weeks appealed for the reform parties – and, especially, the two leaders among them, his own and Mr Yavlinsky's – to come together. Mr Yavlinsky has been cool.

But on Thursday, after seeing a poll which showed Mr Vladimir Zhirinovsky, the neo-fascist, running second, Mr Yavlinksy appeared to have changed his mind.

"There is no reason on my side why we cannot agree. I have no particular bad feelings for him (Gaidar). The key thing for me is that he can be brought to see the basic direction of my programme and we can agree. And then we will see."

Not the average football fan's regalia: Pop star Elton John's Watford rosette in ruby, sapphire and diamond, plus gold brooch

Still a girl's best friend

Antony Thorncroft on the new sparkle in jewel prices

On Tuesday Elton John will have a clear-out at Sotheby's. Nothing fancy, just oddments, like the Cartier brooch designed as a Watford Football Club rosette; the Tiffany brooch spelling out the singer's name in diamonds; and a diamond-encrusted walking cane. John, a magpie collector, periodically sells off pieces he no longer wears, and these should add another £750,000 to his millions.

Or perhaps rather more. Jewels – both jewellery as well as unset cut and polished stones – have been the unexpected salvation of the auction houses in 1993. While other works of art have selective markets, the appeal of jewels has been wider. Moreover, good Impressionist pictures have recently been as rare as gold dust; demand for Old Masters has been disappointing; and contemporary art remains a tricky market.

This year's big November jewel sales held by Sotheby's and Christie's in Geneva were the most successful in years. Sotheby's brought in almost $70m from four sessions, including the $11.8m paid for a 100.36 carat diamond, the second-highest dollar price ever paid for a stone. Christie's totalled $41.4m, and sold the Archduke Diamond, a 78.54 carat stone once owned by Archduke Joseph of Austria, for $6.4m.

No two stones are exactly the same, but François Curiel, head of Christie's jewellery department, offers a guide to the recent price increases. "Before the summer a 20 carat diamond, rectangular, D-colour (the best), and flawless, made around $47,000 a carat. In November it was going for nearer $62,000 a carat."

Curiel had sensed that demand was growing and approached big cutters in Antwerp and Amsterdam, who convert rough diamonds into gleaming jewels, asking if they had any large stones for sale. He was sent seven such stones and they all sold, making on average 12½ per cent more than the sellers' minimum prices. Noting a number of unsuccessful bidders, Mr Curiel will be going back to the cutters for more diamonds to offer at St Moritz in February to try to catch the super rich in a relaxed mood.

With new buyers competing for the finest items, the auctions last month resembled the heady days of the late 1980s when Japanese buyers pushed prices for Impressionist and Modern paintings to unsustainable heights. This year, jewels will rival post-1870 art as the largest sector of the international art market, contributing more than $200m, or about a fifth, to the turnover of Sotheby's, and $140m to sales at Christie's, a 27 per cent rise on 1992.

But amid the glitter and excited bidding there is a worrying undertow to the sudden rush of interest in jewels. It is concentrated on a few big buyers for the largest stones. Half the lots by value went to Saudi Arabia and the Gulf, and Hong Kong, areas of possible political turmoil in the next few years. Italy, currently redrawing its political map, supplied the third-largest group of buyers. Jewels – portable, durable, and with a history of value – look a shrewd investment during uncertainty.

But according to David Bennett, who heads Sotheby's in Geneva, the interest in expensive diamonds is not motivated solely by considerations of security and investment. With money earning 3 per cent annual interest in American banks, the wealthy of the world are considering alternative homes for their cash. And the new rich of Taiwan, Indonesia, Singapore and now mainland China have followed ancient traditions in using jewellery to display wealth.

Everyone involved has 1980 ingrained on their heart. Then, an investment boom inspired by high inflation and low interest rates suddenly fell apart. Since then, however, the rise in jewellery prices has been slow and steady. It is the unremarkable progress of this price appreciation since 1983, especially compared to the boom and bust which affected other sectors of the art market, that has most encouraged the trade.

Both Bennett of Sotheby's and Curiel of Christie's are encouraged that buying interest is not confined to large diamonds which were traditionally stored away as investments; buyers want jewels to wear. This is reflected in the demand for other gems, notably rubies. Traditionally Burmese rubies carried a hefty premium, selling for about $150,000 a carat for a 10 carat stone, as against £20,000 a carat for a ruby mined in Thailand. In November a 10 carat Thai ruby fetched $41,000 a carat. Emeralds, too, are increasingly popular.

This is good news for Elton John. The most costly item in his auction is an emerald and diamond bracelet made by Cartier in about 1925. The new generation of jewellery collectors does not share the distaste for the antique shown a decade or so ago, although most really large stones are still given new settings by their owners. The bracelet alone should bring a £80,000 smile to the singer's face.

The possibility of the French prime minister facing a domestic political crisis over Gatt has diminished, says **David Buchan**

Balladur's bravura balancing act

By giving a Gatt accord – or at least that portion of it agreed between Europe and the US – his semi-benediction, Edouard Balladur, the French prime minister, has gone too far to draw back.

Certainly, his domestic constituency requires him to remain more vigilant than other European leaders about tying up loose ends at Gatt's headquarters in Geneva in sectors such as textiles and aerospace. And while France remains alone on audiovisual broadcasting – the one seriously emotional dispute with the US still unresolved – Mr Balladur has always acknowledged his fear of letting Gatt isolate France from its European Union partners.

That is also why, in his quest for stronger EU defences against dumping and commercial retaliatory powers, as well as for EU guarantees that a Gatt deal will not push more French farm land out of production, he must settle for whatever his partners offer. If they offer nothing, French ministers and officials still claim in private that Paris will not sign a Gatt deal. But any attempt by the French to pin the blame for a Gatt failure on fellow Europeans would risk turning France's potential isolation inside Europe into actual ostracism.

By contrast, the chances of Mr Balladur facing a domestic political crisis over Gatt have sharply diminished. Furiously punching their pocket calculators, the farmers are now engaged in a numbers war with the government. The latter vaunts its success in getting the Blair House cuts phased in more gently, allowing EU farmers 8.1m more tonnes of wheat and flour to dump on the world market over the next six years, a period that covers France's 1995 presidential election. Not good enough, say the farmers, because the reduction by 2000 is unchanged from that earlier agreed with the US.

Grumble though they will for months to come, however, the farmers will almost certainly not exert enough pressure on their deputies to bring down Mr Balladur in next week's parliamentary vote. Mr Balladur has virtually ensured this by making the vote one of confidence in his handling of the Gatt negotiations. And to his great relief, Mr Jacques Chirac, the RPR Gaullist party leader who is much the most dangerous mouthpiece for the farmers, has praised the government's "intelligence and firmness" over Gatt.

It has been an uphill struggle for Mr Balladur since he came into power nine months ago as head of a coalition elected partly on an anti-Gatt platform. Recently, some leaders of the centre-right UDF partner in the coalition have spoken up in favour of Gatt: ex-Prime Minister Raymond Barre and ex-President Valéry Giscard d'Estaing. But Mr Barre has little real following in French politics, and Mr Giscard d'Estaing's presidency of the UDF is weakening as the party's rank and file feel drawn to Mr Balladur of the RPR.

The performance of France's industrial lobby has hardly reflected the country's position as the world's fourth-largest exporter. The Patronat employers federation has been deadlocked by anti-Gatt hostility among its sub-groups in textiles, shoes, furniture and other sectors hit by imports. A few individual bosses – those of the BSN food group, the LVMH luxury goods group and AXA insurance – came out for freer world trade, but they did not form a coherent bloc.

The fact that France is the second biggest seller of services abroad had raised hopes that it might campaign for Gatt. But these hopes proved misplaced, because the service sector's foreign receipts are grossly swollen by tourism, which is only indirectly affected by Gatt.

With industrialists confining their pro-Gatt lobbying to back-of-hand whispers to journalists, it was not surprising that the balance of the Gatt argument in the press has, until recently, been in favour of protectionism, or at least a more ordered world market. This Gallic craving for order has led to the heavy French emphasis on the need to complete what Gatt began in 1947 with a stronger world trade organisation.

Using a new world trade body to restrain the unilateralism of US administrations, and especially Congress, has been a common French and European goal. Where the French have differed from other Europeans has been in depicting so many other issues in the Uruguay Round as a struggle with the US alone.

French newspaper readers have thus been shielded from the awkward knowledge that opposition to its farmers' stance has gone well beyond the US, for instance to the 14-strong Cairns Group of medium-sized food exporters, chaired by Australia. One exception was Libération's reprint of an Australian press headline "*Foutus français*" ("The bloody French"). Only when it has been convenient have messages from the rest of the world been relayed in the press, such as that of this autumn's summit of French-speaking countries endorsing France's demand to keep culture out of Gatt.

But all this general anti-Gatt sentiment is dissolving now into a national mood of compromise, for three reasons. First, Mr Balladur has deliberately helped to exhaust his co-citizens' interest in Gatt by consulting everyone in sight on the topic. More specifically, he has embraced the farmers in a regular dialogue which has produced extra public money (FFr3bn) for them, though no agreement from them. The upshot is that most of Mr Balladur's backbenchers believe the government has at least given the farmers a fair hearing, if not fair treatment.

Second, Mr Balladur has helped detach trade from the unemployment issue, the country's biggest concern. He argues the main reason why 3.24m French are out of work is home-grown and related to the high cost of labour compounded by steep welfare taxes. This argument has helped to exonerate Gatt as a scapegoat for unemployment. Backing this up is a recent study by Mr Claude Vimont, a Paris university professor, that job losses in French industry that can be directly attributed to low-cost import competition amount to only 350,000 over the past 10 years.

Third, France listens to voices from across the Rhine. And German industry and politicians have been quietly urging a Gatt accord on their French counterparts. Chancellor Helmut Kohl will have been telling Président François Mitterrand and Mr Balladur the same thing in Brussels yesterday and today. The latter cannot gainsay the fact that it is the prospect of a Gatt deal that has brought the franc back up to where it was against the D-Mark before last August's monetary crisis.

If Mr Balladur does finesse a Gatt agreement, putting France's signature to freer world trade without provoking a storm at home, there are several important consequences.

It gives him an option to run for president in 18 months, and might even put him in the Elysée, if the French public judges he has pulled off something valuable in a way Mr Chirac could not have done. Even if he bows to Mr Chirac's more naked presidential ambitions, Mr Balladur will be seen as the man who in 1993 helped integrate his country into the world economy, just as 10 years earlier France abandoned the strategy of socialism-in-one-country and turned decisively towards Europe.

By contrast, France's behaviour in the Uruguay Round has a more ominous portent for future Gatt rounds. France is determined that EU national governments and parliaments should exert far more influence on how Brussels negotiates with the outside world.

This may be democratically proper and squares with the prevalent post-Maastricht treaty mood. However, it spells an end, in any future Gatt round, to the negotiating leeway that the Brussels Commission had in the Dillon, Kennedy and Tokyo Rounds, and for much of the Uruguay Round. This, in turn, will make the EU harder to deal with for the rest of the world.

Smart money riding on a plastic card

John Gapper on a step towards the global cashless society

It is Monday morning. Ms Jane Smith arrives at Heathrow at 8am after taking a cab from her west London home. She has no notes in her handbag, or change in her purse. It does not matter. She hands the driver a plastic card instead. He inserts it in a slot by the meter and deducts the exact fare.

When she arrives in Frankfurt for her business meeting, she buys a German newspaper at a bookstall, using the same card. She obtained DM30 earlier by inserting the card in a telephone at her home. It dialled her bank, and transferred the sum from his account onto a computer chip on the card.

Her 15-year-old son John is at home. It is the school holidays, and he is bored. He hires a video game for an hour by dialling a local hire shop, paying by inserting his card in the telephone. His mother earlier transferred £10 to his card from hers using a device that looks like a calculator.

It is the year 2010, and the global cashless society has arrived. The local bank no longer has queues of customers because all small businesses use electronic cash. Banks have just announced huge leaps in profits after finally eliminating the cost of carrying money around.

This vision came a step closer this week when National Westminster Bank revealed plans to test a smart card, called Mondex. It will give cards to up to 30,000 people in Swindon, Wilts, adapting public telephones and cash machines in the town to allow people to transfer electronic money.

It is a tempting prospect for banks and retailers, which bear the cost of cash. The UK banks estimate that they spend £2bn a year on cash distribution, and one study put the cost to retailers at £800m a year. Swapping paper and metal for electronic impulses would save huge sums.

The question is: will people want the card? As Mr Tim Jones, the NatWest executive who jointly invented Mondex admits, money tokens have been around for hundreds of years because they are very convenient. "Cash is a great product," says the man who is trying to eliminate it.

The attractions for banks and retailers go beyond saving money. In at least two ways, cash cards might help expand revenues. One is that they do not involve credit, and so can be given to everyone. The second is that they are well-suited to paying for new multi-media products such as interactive television.

The first point is a rather delicate one. Mr Bert Morris, NatWest's deputy chief executive, bristles at the notion that Mondex will be a down-market debit card. Nonetheless, many of the market opportunities that banks cite involve groups like young people who are not trusted with other cards.

Retail outlets that depend overwhelmingly on cash payments for small transactions, such as fast-food outlets and video stores, may welcome cash cards. But it is questionable whether the young people who spend money there will buy more products simply because they can use a card instead of cash.

The second point may be more significant. As telecoms and media companies scramble to form alliances to sell films and media products down telephone lines, smart cards look attractive as a means of payment. Money can be transferred over a line at the same time as a product is ordered. This is why British Telecom is working with NatWest and Midland Bank on the Mondex project.

Mr Bruce Bond, BT's director of products and services management, says the Mondex card is a good means of payment for multi-media products "that we believe are going to explode".

Some observers believe the implications go further. Mr Robb Wilmot of the Oasis consultancy group says consumers could use smart cards to search databases for information on the cheapest air fare or the best hotel deal before ordering and paying with a single transaction.

It is, then, hardly surprising that Mondex was unveiled with such fanfare this week. But the short history of smart cards in other countries is littered with disappointments. This has usually been because it has been difficult to persuade consumers that they should switch to electronic cash payments.

One example in Holland was a pilot scheme in the town of Woerden near Utrecht between 1989 and 1991, in which only 3 per cent of purchases were made by smart card compared with the 15 per cent target the banks had set. People did not use cards for small transactions in busy shops.

NatWest has attempted to avoid this problem with what is a large gamble. Transactions in other smart card schemes are authorised when the consumer taps a PIN number into a machine. But NatWest has made Mondex exactly equivalent to cash by eliminating this security device.

Thus if a person loses their card, whoever picks it up can spend their money with no barriers. The only security safeguard is that cards can be electronically "locked" at telephones, using a PIN number. If Ms Smith has set off for Europe with an unlocked card, the risk is hers.

The bank argues that this is the same as carrying cash. Yet consumers could be wary about using cards with little bulk that hold large amounts in various currencies. The experiment in Swindon will show whether the bank has made the correct gamble, and whether the electronic system is safe from fraudsters breaking the computer code on the microchip.

An even larger problem is pricing. Banks currently do not charge customers in credit for the costs of cash handling. Yet the cost of smart technology could be high. The wholesale cost of smart cards is about £5 each and that of a telephone with a card reader for use at home is about £140.

Banks would probably try to charge customers at least for the associated equipment such as telephones, although NatWest says it has not yet decided how to finance its scheme. But consumers might question why they should pay for an intricate cash substitute that could save banks huge sums when notes and coins are both free and easily understood.

As Mr Willmot puts it, smart cards like Mondex offer banks a chance to "transfer a lot of labour effort and management activity to the consumer". The people of Swindon will soon demonstrate whether they are any more willing than the citizens of Woerden to accept such a burden.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Argument about cancer deaths too simplistic

From Mr D J Coulston.

Sir, It is far too simplistic to claim that "200 people worldwide may die in the long term as a result of cancer caused by radioactive discharges from Sellafield ("Sellafield cancer deaths put at 200 worldwide", November 9). We have been saying this for weeks and, indeed, the radioactive waste management advisory committee, on whose letter to environment minister Tim Yeo the article was based, did as well.

The committee said, in its letter, that the calculation of notional deaths from radioactivity exposure "carries with it no certainty, and it is incorrect to state that 'people will die'". It also said that Greenpeace's use of these "theoretical deaths" statistics was "misleading".

I agree entirely because not a single actual death may occur. The theory of collective doses is based upon the assumption that there will be the same number of deaths from a large number of people receiving low doses of radiation as there would be from a small number of people receiving large doses.

Using the same methodology, it is possible to claim that nearly 1m people worldwide will eventually die as a result of the use of medical radiation over the coming ten years. On a similar basis, it can be stated that natural background radiation will cause 650,000 deaths for every year that the population is exposed to it and the extra cosmic radiation received by flying in passenger aircraft will cause 510 extra deaths.

Moreover, failure to open Thorp would merely transfer any theoretical deaths to another cause; for example, to mine fresh uranium which would otherwise be recycled at Thorp would lead to nearly ten times more theoretical deaths. Coal stations, oil stations and gas stations will also result in at least as many theoretical deaths for the same amount of electricity production.

D J Coulston,
director, health, safety and environmental protection,
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Apportioning pension blame

From Mr K M R Price.

Sir, Tom Shucksmith makes an important point in his letter ("SIB tackling pensions transfer problem from wrong end", December 7) and one which must be of concern to all actuaries. But the bottom line surely is that anyone who holds himself out as a financial adviser should know that in all probability a cash equivalent is not equivalent to the deferred benefits given up and should advise accordingly. It is that end of the problem which is being tackled – and rightly so.

K M R Price,
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From Mr Nigel Chambers.

Sir, I am concerned that the publicity given to the Securities and Investments Board's pension transfer review implies that all the wrongdoing lies with the insurance companies and promoters of personal pensions. Their sales people may be guilty of the sins of commission but I believe that the occupational pension schemes must bear some responsibility for sins of omission.

What type of pension scheme is it that has so badly presented the benefits it can offer to employees that they can be so easily sold a personal pension policy? What warnings were issues to the employee, ex-employee, or their adviser prior to the transfer from the scheme? Were the alternative benefits – which may indeed have been superior – properly presented?

Why should the whole burden for compensation be put on the insurance company, especially when it seems that some schemes are asking for exorbitant amounts before reinstating members' benefits? Why, indeed, should schemes be allowed to refuse to take back employees who have made an incorrect decision? Would it not be possible for the government to amend the appropriate legislation or Inland Revenue rules?

Obviously, if wrong advice is given, insurance companies should pay the appropriate costs. However, many pension schemes, and the employers which bear their cost, will have benefited because of a decision to transfer away from the scheme. If compensation is to be paid, I trust it will be calculated in such a way that no party will be better off financially. I hope the new SIB advisory committee will address these issues.

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Migraine factor

From Dr Michael Gross.

Sir, In an otherwise excellent review on employee health (December 6) you failed to mention the major problem of migraine, which affects up to 12 per cent of the population at some time in their life. It results in absenteeism with indirect costs estimated at £1bn annually in the UK alone.

Education initiatives are currently exploring the true impact of migraine as a measure of severity of pain and the disability it causes. With the advent of new acute treatments and preventative strategies, it becomes necessary to inform sufferers that they can be helped and that they are likely to receive a much more sympathetic approach than was once the case.

Michael Gross,
consultant neurologist,
Royal and East Surrey Neurology Research Unit,
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Crestfallen investors

From J D Wittle.

Sir, It is now generally accepted that the Crest share settlement system will disadvantage the private investor while increasing his costs of dealing. The Bank of England has virtually abandoned him to his fate on the grounds that a more efficient method of handling Stock Exchange transactions is necessary. The result will be to drive the few remaining private investors into the ever-open arms of the institutions. Is this what this government, supposedly committed to wider share ownership, wants?

On the premise that it is better to ask a silly question and be a fool for five minutes than remain silent and a fool forever, I ask: "Why do we need Crest?" The clamour for change started with the chaos induced by the large privatisation issues, mainly BT, which overwhelmed the existing system with a deluge of paperwork. With all major privatisation issues now behind us that situation is not likely to recur. Furthermore, this so-called paperless system appears to me to produce nearly as much paper at more frequent intervals as that which it replaces.

The government has remained strangely silent on this issue. Is it not time that the Treasury spoke up in defence of the private investor?

J D Wittle,
The Halt,
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Treasury could warm to task

From Mr T D Snow.

Sir, The FT supplement on energy efficiency (December 7) reports MPs' concern that government should "lead by action".

The earlier article about Sir Terry Burns, permanent secretary to the Treasury, gives a clue as to where it might start. According to your reporter his office is "overheated".

T D Snow,
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Finance charges limit Welsh Water advance

By Peggy Hollinger

Welsh Water yesterday announced a 3 per cent increase in interim pre-tax profits and lifted its dividend by 8.3 per cent, slightly above the trend among its privatised colleagues.

Mr Graham Hawker, chief executive, said the dividend increase to 8.45p (7.8p) from earnings per share of 49.2p (49.1p) illustrated the group's confidence in a solid outcome for the full year. The shares closed 7p higher at 699p.

Pre-tax profits for the six months to September 30 rose from £75.3m to £77.3m, on sales 41 per cent higher at £261.8m (£185.4m). The pre-tax figure was held back by interest charges of £200,000, against a gain of £5.6m last time.

Mr Hawker repeated Welsh Water's earlier reassurance that Acer, the consultant engineer purchased for £56m in February, would be earnings enhancing this year.

Its order book was running 10 per cent ahead of last year, Mr Hawker said. Last year, Welsh Water took goodwill write offs of more than £40m for Acer.

The engineering services division, which includes Acer, contributed sales of £6.4m and operating profits of £1.6m.

Welsh was less fortunate in some of its other non-regulated businesses. The future of the pipeline business was under review following a £1m loss on a single contract, against a £1.4m deficit for the division as a whole.

Together, the non-regulated businesses contributed operating profit of £1.8m (£200,000 loss) on sales of £102m (£38.4m). The hotels operation incurred a loss of about £100,000.

On the regulated side, there was an 11 per cent increase in sales to £196.7m, with operating profits ahead 13 per cent to £77.8m.

Mr Hawker said Welsh Water would be seeking price rises of at least 2 percentage points over inflation when the industry regulator sets the next round of increases.

He rejected the regulator's claims that the water industry was low risk. The company has pledged to spend £1bn between 1995 and 2000. "We think a business does contain significant risks when it has a large capital expenditure programme representing a big chunk of turnover."

See Lex

DTI acts against City & Westminster directors

By Peggy Hollinger

The Department of Trade and Industry is seeking to disqualify four former directors of City & Westminster, the finance house which collapsed in 1991, from acting as directors.

The department said yesterday that disqualification proceedings against Mr Aaron Gershfield, Mr Ivor Gershfield, Mr Andrew Greystoke, and Mr Ian Harries relating to their activities as directors of the finance house had been lodged with the High Court yesterday.

The action was taken under under Section 6 of the Company Directors Disqualification Act 1986. This states that directors will be disqualified for unfit conduct or if they have been on the boards of insolvent companies. The penalty is disqualification for between two and 15 years.

Each of the four have been directors of several liquidated or dissolved companies. Some of the active companies in which they are currently listed as directors are: the Householders Association, where Mr Ivor Gershfield was recently named as a general manager – Mr Aaron Gershfield and Mr Harries; Computerised Arts and Typesetting – Mr Aaron Gershfield and Mr Harries; Mineco Designs – Mr Ivor Gershfield.

The DTI action arises from City & Westminster. A court date has been set for February 7.

City & Westminster went into receivership on Friday December 13 1991 after a turbulent two years as a public company. Mr Greystoke brought City & Westminster to the market through a reverse takeover in 1989. His City & Westminster Financial, a minor corporate finance house, and some Gershfield family interests were injected in to AM Group, a quoted film and television services company.

However, he soon resigned as chairman and chief executive, along with three other directors, and was replaced by Mr Ivor Gershfield and his son, Aaron.

The following year, the DTI looked into the reverse takeover and a £5m capital raising. Questions had been raised over a shareholders circular which, it was alleged, had not revealed the full impact of a put option granted by CWF to an Isle of Man company.

City & Westminster also launched legal proceedings against some advisers to the reverse takeover claiming that full disclosure had not been made.

Float values Camco at $375m

By Richard Waters in New York

The slump in world oil prices since late November has cut into the proceeds raised by Pearson, the UK-based media group, from the flotation of Camco, its Houston-based oil services subsidiary.

The company was floated on the New York Stock Exchange yesterday in a deal which valued it at $375m (£252m). The shares were priced at $15 each, compared with the $17-$19 range at which Pearson had said it intended to sell a majority stake.

The lower valuation put on the company is in line with the drop in share prices at other oil services companies in recent weeks.

Lower oil prices prompt companies to cut back or delay exploration and development work, reducing the demand for drilling and other activities undertaken by service companies.

Pearson, which also owns the Financial Times, said it raised £200m in cash from the sale of 55 per cent of Camco.

Part of the proceeds were in the form of a $105m repayment of inter-company debt. In addition to the 13.75m shares sold yesterday, a further 2m could be sold as part of an over-allotment provision.

The initial public offering was part of a move by the UK company to focus resources on developing its media interests.

Pearson has said it intends to keep its remaining 45 per cent interest in Camco "for a limited period." The shares were trading at their launch price of $15 at lunchtime in New York.

The sale comes at a time of consolidation in the oilfield services industry. A weak oil price, the need to invest in new technology and the growing tendency of big oil companies to hire service companies to manage all aspects of a project have combined to put pressure on smaller companies.

Norweb improves to £65.1m

By Michael Smith

Norweb, the electricity distributor for the north-west of England, said yesterday that it intended to freeze tariffs until April 1995 as it reported interim pre-tax profits of £65.1m and lifted its dividend by 13.6 per cent.

While other regional power companies have announced rebates for customers, Norweb is the first to say it is aiming for a 1994-95 prices freeze. Mr Ken Harvey, chairman, said the move would mean household customers would be paying less in 1995 than in 1991.

The interim dividend rise, from 5.9p to 6.7p, is proportionally less than other regional companies which have lifted pay-outs by up to 20 per cent.

Mr Harvey said the company was considering becoming an equity investor in "low risk" generation projects overseas and would look at projects in western Europe, the US and the Pacific basin.

The pre-tax increase from a restated £53.9m for the half year to September 30, came on turnover of £646.8m (£610.8m). Mr Harvey said that after the effect of provisions was stripped out, underlying growth was 11 per cent.

Earnings advanced to 27.1p (21.9p). Mr Harvey said the main reason for the rise was a 2 per cent increase in units distributed and a 1 per cent cut in controllable costs in the electricity businesses.

Industrial unit sales fell by 2.7 per cent, mainly through the loss of large customers.

Unlike other regional companies, Norweb has not made staff redundant since privatisation. It expects to lose 200 employees this year through natural wastage, reducing the total to 5,000.

Retailing employment, however, is growing, by 190 to 1,656 over the period, as the company expands into out-of-town stores. Retailing profit was £1.9m (£1.6m) but, with turnover up 35 per cent at £74.8m, margins were eroded.

● COMMENT

Norweb is an unusual electricity stock. While most power companies are reducing or ending their involvement in stores, prompted in part by deep suspicion in the City of their ability to run them, Norweb is expanding aggressively. It has plans for 130 out-of-town stores by 1997, against its current 33. It is also strongly committed to power generation, both in the UK and, it emerged yesterday, overseas. Such boldness is often punished by the City, especially when it is practised by a utility, but not in Norweb's case. Although the shares dipped 2p to 707p, putting them on a prospective yield of about 4 per cent, that still makes them one of the strongest shares in the sector. One wrong move, whether in retailing or generation, would cause a rapid reappraisal.

Wolv & Dudley ahead 4% at £36m

By Philip Rawstorne

Helped by an extra £1m contribution from a 53-week reporting period, Wolverhampton & Dudley Breweries increased pre-tax profits by 4 per cent, from £35.2m to £36.5m.

Mr David Thompson, managing director, said that strong consumer resistance to beer prices had been a feature of the company's markets.

"There is evidence of improved consumer confidence but this has yet to turn into a sustained increase in spending. We remain cautious for the year ahead."

Trading profit for the 53 weeks to October 3 increased from £39.2m to £40.7m on turnover up 6.6 per cent to £233.5m.

Margins declined slightly from 18.7 per cent to 18.2 per cent, reflecting continuing intense competition in the free trade. Beer volumes fell 2.5 per cent against market declines of about 4 per cent in the Midlands and north-west England.

Banks's increased market share in the take-home trade while Camerons performed ahead of expectations, expanding distribution and volume of its brands in north-east England. The company has launched its own premium lager, Zamek, brewed in the Czech Republic.

Managed pubs raised food sales 72 per cent. Beer volumes fell but gaming machine income rose 3.5 per cent in the second half after a 10 per cent first half decline.

Milestone restaurants lifted sales of meals by 11.5 per cent and maintained expenditure per head; Milestone taverns achieved a similar increase in sales with a 14 per cent increase in customer spending.

Food, however, still accounts for only 8 per cent of total turnover.

Tenanted pubs traded reasonably, said Mr Thompson. But he added: "Low economic activity in the manual trades – particularly the building industry – affects many of our pubs on housing estates and in older residential areas."

Property profits of £1.02m (£628,000) included provisions against 18 pubs being sold for alternative use.

Earnings rose to 38.6p. A final dividend of 7.9p makes a total of 12.6p (11p).

Fuller Smith hits out over beer excise duty

By Graham Deller

Mr Anthony Fuller, chairman of London-based brewer Fuller Smith & Turner, yesterday attacked the chancellor over the levels of duty on beer, unchanged in the recent Budget proposals.

"It is extremely disappointing that he failed to consider properly the stark facts put before him on the dangers to the British brewing industry of maintaining such a high rate of beer tax.

"We are put at a severe disadvantage by the disparity between UK excise duty and that of other European countries, and sales across the [company's] estate are being affected by the enormous volumes of beer being imported both legally and more disturbingly, illegally, " he said.

The statement accompanied the USM-traded group's results for the six months to October 2 which showed pre-tax profits little changed at £3.76m after an exceptional loss of £191,000 on property disposals.

Turnover was also static, at £41m, reflecting, Mr Fuller said, difficult trading conditions in the south-east. "Much has been made of the recession ending but we have not seen this coming through in our pubs."

The group's own beer brands showed a volume increase of 7 per cent, helped by increased sales of London Pride bitter. Free trade sales improved 14 per cent, although sales in the group's estate were lower.

Earnings per share, under FRS 3, edged ahead to 10.62p (10.13p). The interim dividend is raised to 2.52p (2.4p).

Andrews Sykes shares tumble after £2.3m loss

By Gary Evans

Despite last September's warning of a significant fall in interim results, shares in Andrews Sykes yesterday dropped 14p to 68p, after the specialist industrial services group reported a 70 per cent decline in operating profits to £539,000 and a pre-tax loss of over £2m.

The £2.34m deficit for the six months to September 30, which compared with a £802,000 profit last time, partly reflected a £1.8m charge for goodwill previously written off but now transferred under FRS 3 to the profit and loss account.

In addition, there was a £235,000 debit in respect of the closure of the 51 per cent-owned Swedish subsidiary and the sale of Centahire, the small tool hire business based in the north-east of England.

As foreshadowed in September, the interim dividend is omitted (1.4p). Losses per share came out at 17.9p (0.3p earnings) or 1.9p (1.5p earnings) adjusted for disposal and closure losses, redundancy costs and ACT written off.

At the time of the profit warning, the company announced that Mr Peter Webber, chief executive, was stepping down to be replaced by Mr David Martin from James Neill Holdings.

Yesterday Mr David Hubbard, chairman, said results reflected the difficulties experienced in the summer when, although pump revenues were maintained at last year's levels, reduced demand in the air conditioning and heating markets severely hit profits.

Turnover dropped from £27.7m to £25.1m.

Brown & Tawse reduces deficit to £2.03m

By Paul Taylor

Brown & Tawse Group, the steel and pipes distributor, yesterday reported reduced interim pre-tax losses, but blamed "extremely difficult" market conditions for a further decline in turnover.

The group announced a £2.03m pre-tax loss for the six months to October 3, down from £2.76m.

However, Mr Don McFarlane, who took over as chairman earlier this year as part of a management shake-up and restructuring plan, said market conditions "had, if anything, deteriorated further" during the period. Turnover fell by 15 per cent to £53.5m (£63.2m), including £2.29m from discontinued operations.

Excluding Jay Fasteners, which was sold in July having contributed £120,000 to the first-half results, the group reported increased operating losses from continuing operations of £1.34m (£1.28m).

Net interest costs fell to £813,000 (£1.09m). Losses per share dropped to 2.7p (8.5p).

The shares closed 4p lower at 38p.

Resort Hotels deputy chief and adviser quit

By Maggie Urry

Resort Hotels was plunged further into difficulties yesterday when both its deputy chairman and its financial adviser resigned.

The two announcements followed Thursday's news that the company would be unable to prepare accounts for the year to end-April in time for the annual meeting on December 31.

The resignation of Mr Tim Barker, vice-chairman of Kleinwort Benson, the merchant bank, and a non-executive director of Resort since February, was announced yesterday morning.

The company said he had left as a result of a disagreement over the future direction of the company. Mr Barker confirmed that there had been a difference of opinion over Resort's future, but declined to comment further.

Then, late in the afternoon, Barclays de Zoete Wedd resigned as financial adviser, and its broking arm de Zoete & Bevan quit as stockbroker to the group. BZW refused any further comment.

Resort's shares were suspended in July at 45p, when it said it was calling in independent accountants to write a report following concern over "a number of financing and reporting issues."

At that time Mr Robert Feld, managing director, was stripped of his executive duties. He has remained a director, although the company has started a High Court action to remove him, which Mr Feld is resisting.

Mr Feld said yesterday that Mr Barker had been instrumental in his removal from executive duties. He said the rest of the board now met as a committee to exclude him from meetings. He had called two board meetings himself, neither of which Mr Barker attended, he said.

The board now consists of two executive directors and a non-executive chairman, aside from Mr Feld, who co-founded the group and speaks for about 8 per cent of the equity.

There was speculation last night that Resort could, like Queens Moat Houses, be having problems with too much debt and falling asset values.

Attwoods in Israeli joint venture

By Peggy Hollinger

Attwoods, the waste management group, yesterday announced a joint venture with Koor Industries, Israel's largest company, to tap the estimated $250m (£168m) market which is expected to result from that country's privatisation programme.

The group also announced a 42 per cent drop in pre-tax profits for the first three months. However, the return had been depressed by currency gains of £175,000 against £4.48m in the first quarter of last year. Sales rose 19 per cent to £92m.

Mr Ken Foreman, chairman, said he was resigned to prospects for the first six months, expecting Attwoods to return a flat performance. Europe had proved particularly difficult, although Mr Foreman said he thought the decline had "bottomed out".

Trading had been strongest in the UK and US, where sales improved by 15 and 3 per cent respectively. Profits were hit in the US, however, by competition in higher margin businesses.

Lutine Capital struggles to raise $200m for Lloyd's

By Richard Lapper

Lutine Capital Corporation, the Lloyd's insurance company, was last night struggling to meet its $200m (£134m) capital raising target.

Lutine, which is backed by Donaldson Lukin and Jenrette, the US securities house, the Anton members' agency and Phoenix Securities, had originally aimed to raise $300m to provide support for Lloyd's syndicates in 1994 but has found difficulty in persuading enough US investors to back the scheme.

Lutine is still hopeful of raising capital but since it must finalise its plans by December 15 it could soon run out of time. Enthusiasm among US investors has waned following a flood of financial issues in the autumn. In addition, it is understood that sentiment among US institutional investors has shifted against Lloyd's in the wake of adverse publicity over the past month.

Earlier this week Salomon Brothers, the US investment bank, and Johnson & Higgins, the insurance brokers, withdrew a scheme to launch another $300m Lloyd's fund, London Market Investors. Another bank and broker team – JP Morgan and Marsh & McLennan – has also not delivered a corporate capital project for the Lloyd's market.

Lloyd's has been more successful in raising capital from UK institutional investors, with some £860m committed to Lloyd's in 1994.

Chloride makes African disposals

Chloride Group has sold its indirect interests in its wholly owned central African subsidiaries for £3.35m cash.

In addition to their battery interests, – Chloride Batteries (Malawi), Chloride Zimbabwe (Private), Chloride Zambia and Exide Zambia are all distributors of uninterruptible power supplies.

The purchaser, Oshawa Properties, is owned by an investment group with interests in central and southern Africa.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Albrighton	Int	0.1†	Feb 10	nil	-	nil
Andrews Sykes	Int	nil	-	1.4	-	4.4
Booth Inds	Int	nil	-	0.7	-	0.7
Carr's Milling	Fin	3.3	Jan 26	2.9	4.3	3.9
Cheam	Int	4.7	Jan 28	4	-	11
Equity Consort	Int	11.0625	Feb 4	11.0625	-	24.5625
Fuller Smith §	Int	2.52	Jan 20	2.4	-	7.4
Norweb	Int	6.7	Mar 14	5.9	-	20
Sanderson Elect	Int	5.4	Feb 7	[illegible]	-	9.9
Syltone	Int	1.625	Feb 11	1.575*	-	4.725*
Triplex Lloyd	Int	2.5	Feb 24	2.5	-	7
Welsh Water	Int	8.45	Apr 7	7.8	-	23.5
Wolv & Dudley	Fin	7.9	Jan 24	7.1	12.6	11

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *Equivalent after adjusting for scrip issue.

NEWS DIGEST

Sharp rise at Carr's Milling

Shares in Carr's Milling Industries jumped 16p to 144p yesterday after the group, which has interests in agribusiness, flour milling, baking and engineering, reported significant progress in the year to August 28.

Operating profits from continuing operations advanced 61 per cent to £2.18m. At the pretax level – after exceptionals of £321,000 (£490,000) and interest – the company turned a restated £334,000 loss into a profit of £1.19m.

Earnings per share were 10.6p (4p losses) and the recommended final dividend is increased to 3.3p (2.9p) for a total of 4.3p (3.9p).

Turnover expanded from £71.5m to £74.9m.

Mr Ian Carr, chairman, said that although the continuing bread price war showed no sign of abating, the outlook was more encouraging than for some time, with benefits coming from recent acquisitions, growth in agribusiness and an improvement in flour margins.

AB Ports

Associated British Ports Holdings has sold the freehold interest in Novell House, Bracknell, to Scottish Amicable Life Assurance for £12m.

The sale was carried out via Grosvenor Square Properties, the property offshoot of AB Ports. Novell House, formerly known as Greenwood House, provides over 70,000 sq ft of office space and 279 car-parking spaces.

New Zealand Trust

The New Zealand Investment Trust reported net assets per share of 214.63p at October 31, against 130.73p 12 months earlier. In the year to end-October net revenue was £174,106, compared with £231,098.

Earnings per share were 1.74p (2.31p). A proposed unchanged final dividend of 0.6p makes a maintained total of 2.1p.

Break for the Border

Higher costs of operating as a listed company since its flotation in May reduced pre-tax profits at Break for the Border Group from £149,000 to £140,000 for the six months to September 30.

Sales at the restaurant and nightclub operator rose to £1.95m (£1.87m). Gross profit came to £1.48m (£1.41m) but operating expenses took £1.34m (£1.26m). Earnings per share came to 1.6p (2.6p).

Mr Ian Howard, chief executive, pointed out that traditionally two thirds of turnover came in the second half and the burden of overheads fell heavily on the first half. As December was such an important month the company would make a trading statement in January.

Abtrust New Dawn

Abtrust New Dawn Investment Trust saw net asset value per share rise from 155.96p to 250.11p over the year to end-October.

Net revenue for the six months to October 31 fell to £185,056 (£219,365) for earnings per share of 0.62p (0.73p).

Equity Consort

Net asset value per ordinary share of Equity Consort Investment Trust stood at 721p at October 31, compared with 611p a year earlier. Asset value per deferred share rose from £10.23 to £12.42.

Net revenue for the half year fell to £769,116 (£894,559) for earnings per ordinary share of 15.04p (16.78p) and per deferred share of 20.49p (24.55p). The trust is maintaining its interim dividend of 11.0625 per ordinary and 13.125p per deferred share.

Quiligotti

Exceptional costs of £1.13m left Quiligotti, the USM-traded tiles and flooring group, £1.27m in the red for the six months to September 30. There were losses of £228,000 last time after an exceptional charge of £80,000.

Turnover fell to £7.01m (£8.45m) and there was a trading loss of £138,000 (£148,000).

The exceptional charge comprised further provisions against old contract debtors and problem contracts, reorganisation costs, and management changes relating to the placing and open offer and the acquisition of Chelsea Group.

The company said its strategy was to concentrate on the terrazzo floor tiles business, and accordingly it was ending its activities in the ceramics area.

Losses per share deepened from 0.33p to 1.74p.

TR Technology

Net asset value per share of TR Technology rose by 55 per cent to 266.38p at end-October 1993, against 172.28p six months earlier. Group net assets expanded by 19 per cent to £263.3m.

After-tax revenue for the six months was up 18 per cent to £1.94m, against £1.64m, giving earnings per share of 2.15p (1.47p).

Grainger Trust

Grainger Trust, the property group, achieved pre-tax profits of £1.59m for the year to September 30, against restated losses of £4.63m which included an exceptional land write-down of £5.66m.

Turnover amounted to £27.1m (£28.1m), generating operating profits of £12.7m (£3.25m).

Earnings per share worked through at 5.4p (10.64p losses) and the proposed final dividend is held at 4.05p for a maintained total of 5.25p.

Drayton Recovery

Drayton Recovery Trust reported net assets per share up from 77p to 132p over the 12 months to October 31.

Net revenue for the year was £725,000, against £796,000 for the previous 12¼ months. Earnings per share were 8.77p (9.63p) and a proposed final dividend of 4p (3.95p) makes a total of 8p, compared with 7.95p, which included a special of 2p.

Albrighton

Albrighton, the USM-quoted quarrying concern, yesterday announced a return to the black and is restoring its dividend after a three year absence, with an interim of 0.1p.

With turnover up from £1.16m to £1.74m, the restructured group turned round from a £62,000 loss to a pre-tax profit of £324,000 in the six months to September 30.

Mr Humphrey Wood, chairman, said that in the last two months there had been a significant increase in the value of orders received and as a result, a much higher level of sales would be achieved in the second half.

Share of associate's losses was £29,000 (£4,000 profits). Interest charges fell to £73,000 (£186,000). Earnings per share came to 0.6p (1p losses).

Widney

A return to profit in the second half left Widney, a maker of windows and water treatment, power transmission and electronic equipment, with a reduced loss of £150,000 for the year to October 2.

The improvement, from a £371,000 deficit previously, was achieved on sales of £22m (£19.3m). The sales figure included a £1.16m contribution from SPC International, acquired in August.

Mr David Cassidy, chairman and chief executive, said the group would have reported a small profit were it not for the effects of receivership at two customers – Leyland Daf and Swan Hunter.

Interests costs were reduced to £546,000 (£823,000) aided by lower interest rates and reduced borrowings. The period ended with gearing of 60 per cent (277 per cent).

Losses per share were halved to 0.49p.

Villiers

Including a £2.08m provision for the loss on sale of the company's oil interests at Somerset field, Villiers Group, the USM-quoted oil and gas exploration concern, suffered increased losses of £2.83m for the year to July 31, against £165,543.

Turnover from continuing operations amounted to £1.87m (£1.39m) while there was a gross profit of £704,081 (£675,265).

Losses per share were well up at 5.85p against 0.32p.

Syltone

Pre-tax profits at Syltone, the Bradford-based transport engineering group, were little changed at £1.23m in the first half to September 30, against a previous £1.22m.

Mr Tony Clegg, chairman, said the company was "firmly back on course" following the setback in the second half of last year which reduced total profits to £2.13m (£2.87m).

Earnings per share were 4.24p (4.19p) basic and 4.15p (4.13p) fully diluted. The interim dividend is raised from an adjusted 1.575p to 1.625p.

Sales expanded 9 per cent from £17.3m to £18.9m. Trading profit came to £1.35m (£1.3m) but interest took £118,000 (£78,000).

Mr Clegg said the best performers in the group had been Drum Engineering in the UK and Drum Industries in the US. Trading in continental Europe, although difficult, was better than expected, he said, and there were clear signs of an upturn in the US.

John Swan

John Swan, the Scottish livestock auctioneer and estate agency, raised pre-tax profits to £233,200 for the half year to October 31. This compared with £162,700 last time which was struck after an exceptional charge of £65,000.

Trading in the current six months was considered to be satisfactory, although the outlook for the price of both cattle and sheep remained uncertain.

Turnover improved from £762,600 to £806,800 and earnings per share were 26p, against 18.2p.

Cheam

Cheam Group, the south London water supplier, increased pre-tax profits by 40 per cent in the six months to the end of September, from £1.41m to £1.98m.

Turnover was 13 per cent higher at £7.75m (£6.85m). Earnings per share came out at 21.6p (15.2p) and the interim dividend is raised from 4p to 4.7p.

Mr Andrew Kennedy, chairman, said the company had not felt able to justify a reduction in the permitted increase of 8.5 per cent in setting water charges for 1993-94 as requested by Ofwat.

The board did agree not to make use of the 1 per cent previously abated in 1992-93 while retaining the option of recovering it in 1994-95.

New Paramount bids expected

By Martin Dickson in New York

Preparations were under way yesterday for a new round of bidding in the $10bn takeover battle for Paramount Communications following a Delaware supreme court ruling which was hailed by US shareholder rights groups. Lawyers said the decision could mark a significant shift in legal mood.

The court ruled on Thursday afternoon that the board of film and publishing group Paramount had to consider a hostile $10bn bid from QVC Network, a television shopping channel headed by Mr Barry Diller, on an equal footing to a friendly $9.5bn bid from Viacom, a cable television company.

The court, upholding the judgment of the Delaware chancery court, threw out various Paramount defensive barriers frustrating the QVC bid. It also criticised the Paramount board's failure to evaluate seriously the QVC offer.

The board of Paramount is expected to meet over the next few days, possibly on Monday, to draw up guidelines for what will amount to an auction of the business.

Wall Street expects fresh bids from both QVC, whose offer is currently worth about $85 for each Paramount share, and Viacom, with an offer worth around $80 a share.

However, analysts said the current bids were already extremely high relative to Paramount's profits outlook, and future offers might not top $90 to $95 a share.

On Wall Street, Paramount shares stood unchanged at $81⅞ at lunch-time yesterday.

Mr Ralph Whitworth, president of United Shareholders Association, a shareholder rights group, hailed the court's ruling as "very positive". He was referring to the judge's remarks that "the market should determine what's in the best interests of shareholders".

QVC's lawyers played down the legal implications of the ruling, arguing that it simply reinforced existing Delaware law. Paramount, however, argued that the verdict "expanded" the law.

The judgments of the Delaware courts play a central role in US corporate law because most large companies are incorporated in the state.

Some independent legal authorities said that while the judgment did not necessarily change the substance of Delaware law, at the very least it marked a significant clarification of the takeover rules. They said it spelled out more forcibly the circumstances in which directors were obliged to seek the highest auction price for their shareholders.

The lawyers said the importance of the case could lie in a perception that the mood of the court had shifted towards greater scrutiny of directors' actions and support for shareholder rights.

"This thing is clear," said Mr Leo Herzel of the Chicago law firm Mayer, Brown and Platt. "The Delaware courts are going to be much tougher on boards of directors."

Mr Herzel attributed the shift in mood to the growth of institutional shareholder power in recent years, and to a succession of financial scandals, notably the collapse of several savings and loans organisations in the late 1980s.

Since the landmark Revlon case in the mid-1980s, the Delaware courts have required boards of directors to auction off their companies for the best price when it is inevitable that the company will be sold.

However, in 1989, in a move seen as a blow to shareholder rights, the court allowed publishing group Time to reject an attractively-priced bid from Paramount Communications in favour of a long-planned merger with Warner Brothers, which Time said offered better long-term potential.

On that occasion, the court ruled that boards were not obliged to abandon a careful corporate plan for short-term shareholder profits "unless there is clearly no basis to sustain the corporate strategy".

On Thursday, the court rejected Paramount's argument that its case paralleled that of Time. It said Paramount was obliged to seek the "best value" for shareholders because the deal with Viacom involved a change of control in the company, since the majority of voting shares in the combined group would be held by Mr Sumner Redstone, the chairman of Viacom.

Murdoch denies 'super share' talk

By Nikki Tait in Sydney

Mr Rupert Murdoch, chairman of News Corporation, yesterday sought to dampen speculation that his media and film company will make a new attempt to introduce "super" shares – that is, shares with multiple voting rights.

"There has been continued speculation... that News Corporation is formulating a revised super shares proposal to put to the [Australian] stock exchange. This is definitely not the case," Mr Murdoch said yesterday.

"News Corporation has no intention of putting a revised super shares proposal to the stock exchange. Comments and reports that the company has been negotiating with other corporations regarding equity are incorrect," he added.

News withdrew its super share scheme this week after strong criticism from Australia's investment community. It viewed the scheme as a means for the Murdoch family to establish an entrenched position of control in the company. In spite of News' move, the Australian stock exchange – which had to change its listing rules to allow the scheme to go ahead – has said it will still pursue its inquiry into the merits of differential voting rights.

Rumours about a revised News super share scheme, the possible issuance of non-voting shares, or some sort of off-balance-sheet joint venture have persisted because of Mr Murdoch's desire to strike strategic alliances.

It is assumed the Murdoch family does not want to see its one-third stake in News diluted any further. Observers have been speculating about how News could structure future acquisitions or partnerships without risking this.

Borden chairman forced to resign

By Richard Tomkins in New York

Mr Anthony D'Amato, the 63-year-old chairman and chief executive of Borden, the US food company, has been forced to quit. His departure comes amid growing criticisms of his efforts to reinvigorate the poorly-performing group.

The chief executive's role has been taken over by Mr Erwin Shames, 53, who recently joined the company as president and chief operating officer. Mr Frank Tasco, 66, a Borden director, becomes chairman.

Borden is the biggest US dairy company, the world's biggest pasta producer, and the second-biggest US manufacturer of salty snacks. It is also the world's largest producer of wall coverings and one of the world's leading manufacturers of industrial adhesives and food-wrap films.

During the 1980s, the company took on heavy debt to make a large number of acquisitions. Although in the short term the strategy produced profits growth, in 1990 net income started to decline. Mr D'Amato – appointed chief executive in November 1991 and chairman in March 1992 – had been trying to turn the company around.

In spite of two restructurings in two years, however, profits continued to fall, and Borden's share price fell to its lowest in nearly 10 years.

Mr D'Amato had been planning to announce a third restructuring before the end of this year. However, some of the company's bigger shareholders are believed to have made it known to the board that they wanted a change.

The board said that it was "in the best interests of everyone" that Mr Shames become chief executive.

Renault and Volvo re-examine alliance

By John Ridding in Paris

Renault and Volvo have agreed to examine their alliance on a case-by-case basis following the collapse of their planned merger. They will also continue to collaborate, but only in areas of mutual advantage, according to Mr Louis Schweitzer, chairman of the French car group.

In an interview with the news service Agence France Press, Mr Schweitzer said he had met Mr Sören Gyll, Volvo's chief executive, in Paris earlier this week to discuss the future of their companies' relationship.

The Renault chairman said they had agreed to preserve activities which remained in the companies' common interest and which maintained the autonomy of their operations. Other joint activities included in their far-reaching alliance, which was formed in 1990, will be stopped.

Mr Schweitzer named a number of projects which had been jeopardised by the failure of the merger. These included the P4 project to develop a range of executive cars, and joint purchasing arrangements, regarded as one of the principal means of cutting costs as a merged group.

Areas where co-operation is expected to continue include the exchange of components. Renault said it was likely to go ahead with plans to source engines from the Swedish car manufacturer for use in the Renault Laguna, a replacement for the Renault 21 to be introduced next year.

A number of grey areas remain. One of these is the creation of joint dispatch centres in the UK, where cars are held before being shipped to distributors. Renault said the two companies would discuss the future of these centres.

Renault described the talks as constructive, and said the two sides agreed on the need to move from "the dynamic of a merger" to "a logic of free co-operation". Mr Schweitzer said this co-operation meant holding on to the cross-shareholdings established between the two groups.

Sweden merges Gota and Nordbanken ahead of sale

By Hugh Carnegy in Stockholm

The Swedish government yesterday announced the merger of Nordbanken and Gota Bank, two of the country's five biggest banks. Between them, they have taken the lion's share of state aid which has been handed out since a loan-loss crisis last year crippled the banking sector.

The new wholly state-owned bank will become the country's largest in terms of market share, ahead of Skandinaviska Enskilda Banken, Swedbank and Svenska Handelsbanken, which all survived the crisis without falling under state control.

The government said it intended to privatise the merged bank, but not until late 1994 at the earliest. Yesterday's announcement underlined the extent to which the government has been forced to use taxpayers' money to keep the banks afloat, although it said further commitments should not be necessary.

The state is to put up SKr30.4bn ($3.66bn) in aid to stabilise Gota before it is taken over by Nordbanken. This will bring to SKr92.1bn the total amount of aid pledged to the banking sector since the crisis erupted in 1992.

Gota is to receive a capital injection of SKr20bn and new equity worth SKr3.1bn. The state will also provide SKr7.3bn in equity and guarantees to Retriva, the so-called "bad bank" which will lift SKr43bn in bad loans out of Gota. Retriva will stay in government hands.

The state has already pumped SKr16.2bn into Nordbanken and SKr35bn into Securum, another "bad bank" which took on Nordbanken sour loans totalling SKr67bn. Despite the scale of support for Nordbanken – which allowed it to bounce back into profits this year – and for Gota Bank, the government insisted their merger was not against the interests of competition in Swedish banking.

Previously SE Banken, Handelsbanken and General Electric of the US – the only foreign suitor – dropped out of the bidding for Gota. They said the price was too high.

"The two banks are a compliment to each other, and it is the best alternative from a competitive standpoint," said Mr Odd Engström, chairman of the Bank Support Authority. He said the two combined would give taxpayers a better return when privatised than if they had been sold off separately.

He said the authority would seek to "claw back" some of the capital it had injected into Nordbanken when setting a price for Gota. The authority has set a minimum price of SKr3.1bn, but clearly wants Nordbanken to pay much more.

Mr Engström said independent studies had valued the synergy effects of the merger at between SKr1.5bn and SKr2.5bn.

The banks will have combined assets approaching SKr400m, less than Swedbank and SE Banken. However, they will have a leading 24 per cent share of the country's total lending and deposit market, with 400 branches and 7,000 employees.

Mr Per Lundberg, head of Gota since September 1992, said he would leave. Mr Hans Dalborg, chief executive of Nordbanken, said the main effect of the merger would be a rationalisation of head office functions.

State support for Swedish banks†

	SKr(bn)
Swedbank	8.0
Nordbanken	16.2
Securum*	35.0
Föreningsbanken	2.5
Gota Bank	
Capital	20.0
Equity	3.1
Equity for Retriva**	3.8
Guarantee for Retriva**	3.5
Total	92.1
Min return from sale of Gota	3.1
Net total	89.0

† Totals committed as of Dec 1993
* Securum is state-owned company grouping bad assets removed from Nordbanken
** Retriva is state-owned company grouping bad assets removed from Gota Bank
Source: Bank Support Authority

Euro Disney audit set to open

By Alice Rawsthorn in Paris

Euro Disney's banks hope next week to appoint an investigative auditor to conduct a special analysis of the troubled leisure group's finances. They want the audit before they begin negotiations for Euro Disney's emergency financial restructuring.

The banks, led by Banque Nationale de Paris (BNP) and Banque Indosuez, have emerged from a week of intensive meetings in Paris with representatives of Euro Disney and Walt Disney, the US entertainment company that owns 49 per cent of its equity.

A senior banker present at the meetings described the discussions as "workman-like". However, the banks' steering committee, which includes J. P. Morgan, Deutsche Bank and National Westminster, as well as BNP and Indosuez, is understood to have told Disney it would not start serious negotiations until the audit was completed.

The steering committee has seen presentations from prospective auditors, and is expected to announce its choice next week. The audit is intended to analyse Euro Disney's financial position and to assess its future requirements. It could take up to a month to complete. This means that full negotiations might not start until mid-January.

The Disney camp, which hopes the banks will agree to a debt-for-equity swap as part of a package to halve Euro Disney's FFr20.3bn ($3.5bn) net debt, is keen for the negotiations to be completed swiftly.

Euro Disney recently announced a net loss of FFr5.3bn for the financial year to September 30, and risks running out of cash by the end of this year.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Economic factors lift metals

London Metal Exchange markets put in their most impressive ensemble performance for months as price rises ranged this week from tin's 3.1 per cent to nickel's 9.3 per cent.

Outstanding in the early action was nickel, which was boosted by a report, later denied, of a strike at Norilsk, the Russian smelting company that produces the equivalent of nearly 40 per cent of western requirements. But as the run continued it was aluminium that took over the leading role, breaking down successive technical barriers.

Performing creditably throughout was lead, which, almost alone among the LME contracts, was principally supported by fundamental factors – continuing supply tightness in concentrates and buoyant demand from car battery makers as the northern winter deepened.

For the rest dealers attributed the more bullish sentiment to general economic factors, particularly improving US indicators, and the widely-held belief that the markets had already seen the low points of their recent downtrends. The cautious optimism thus engendered was the more readily translated into positive action, the dealers explained, thanks to the current cheapness of credit.

"For example," said London trade house GNI, in one of its daily market reports, "to fund a nickel position with a stop [stop-loss selling order] below $4,000 [a tonne – the recent LME low] will accrue just $35 a tonne in funding costs for a year, low for a market where historically prices have shot up to $20,000 in the not so distant past."

Similar considerations were thought to have influenced the buyers who drove the silver price back above $5 a troy ounce this week. Gold was towed higher in silver's wake, in spite of its status as an inflation hedge. Platinum, although now firmly established as an industrial metal, could not match silver's strength, presumably because it is heavily dependent on demand from Japan, where the recession is still deepening.

Dealers said silver was continuing to attract keen interest from US investment funds as hopes of a further weaking of inflationary pressure were encouraged by a renewed slide in oil prices.

A tentative rally in oil prices was halted in mid-week after the market was warned not to look to the Organisation of Petroleum Exporting Countries for a "miracle solution" to the oversupply that was weighing down the market. Mr Abdullah al-Attiyah of Qatar, the cartel's president, also suggested that it was time for non-Opec exporters to shoulder some of the burden of supporting oil prices.

Mr al-Attiyah's remarks, made after informal talks in Damascus with other Opec ministers, including Mr Hisham Nazer of Saudi Arabia, the biggest exporter, appeared to have extinguished any lingering hopes that Opec producers might yet rally round to bolster prices this winter by cutting the cartel's 24.52m-barrels-a-day production ceiling.

The ceiling, set in September, was left unchanged after last month's ministerial meeting, precipitating the latest decline in prices to five-year lows.

At the London Commodity Exchange cocoa prices were held steady until yesterday, in spite of slack demand, by concern about the situation in the Ivory Coast, the biggest producer, following the death of President Felix Houphouet-Boigny.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close) tonnes

Aluminium	+2,150	to 2,399,450
Aluminium alloy	-120	to 48,880
Copper	-900	to 559,950
Lead	+1,050	to [illegible]
Nickel	-192	to [illegible]
Zinc	+3,925	to 874,500
Tin	-90	to 10,035

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1993 High	1993 Low
Gold per troy oz.	$382.75	+6.75	$336	$405.75	$326.05
Silver per troy oz	332.80p	+11.3	239.5p	362.50p	236.00p
Aluminium 99.7% (cash)	$1117	+61.5	$1205	$1240.00	$1023.60
Copper Grade A (cash)	$1718	+61	$1400	$2375.00	$1108.50
Lead (cash)	$460	+16.5	$298	$460.00	$381.50
Nickel (cash)	$5170	+444.5	$6700	$6340	$4043.5
Zinc SHG (cash)	$1000.5	+63	$1060.5	$1112	$958.0
Tin (cash)	$4882.5	+147	$5779.5	$6047.5	$4340.0
Cocoa Futures Mar	£1036	-25	£665	£1081	£663
Coffee Futures Jan	$1267	-13	$1012	$1297	$836
Sugar (LDP Raw)	$269.80	-1.8	$210.5	$317.4	$204.5
Barley Futures Mar	£105.75	N/C	[illegible]	£110.30	£101.50
Wheat Futures Mar	£100.70	-1.1	£134.35	£149.45	£99.65
Cotton Outlook A Index	58.60c	+1.6	64.40c	62.35c	54.15c
Wool (64s Super)	341p	+2	405p	403p	319p
Oil (Brent Blend)	$13.82x	-0.05	$18.16	$19.63	$13.82

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Jan.

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1116.5-17.5	1136.5-37.5
Previous	1027.5-28.5	1127-28
High/low	1116/1115	1143/1121
AM Official	1114.5-15	1135-35.5
Kerb close		1136-37
Open int.	278,500	
Total daily turnover	73,428	

ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	967-93	990-91
Previous	949-951	973-75
High/low		992/999
AM Official	963-67	987-92
Kerb close		990-93
Open int.	2,565	
Total daily turnover	981	

LEAD ($ per tonne)

	Cash	3 mths
Close	458.5-50.5	473-74
Previous	456.5-57.5	481-62
High/low		484/468
AM Official	467-67.5	480-80.5
Kerb close		477-79
Open int.	30,569	
Total daily turnover	5,529	

NICKEL ($ per tonne)

	Cash	3 mths
Close	5165-75	5225-30
Previous	4990-95	5049-50
High/low		5250/5050
AM Official	5092-95	5150-52
Kerb close		5245-50
Open int.	49,954	
Total daily turnover	7,688	

TIN ($ per tonne)

	Cash	3 mths
Close	4880-85	4910-15
Previous	4735-40	4785-90
High/low		4950/4800
AM Official	4805-10	4857-60
Kerb close		4920-30
Open int.	15,902	
Total daily turnover	4,964	

ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1000-01	1018-18.5
Previous	963.5-84.5	1001-02
High/low		1024 5/996
AM Official	1004-05	1021.5-22
Kerb close		1018-19
Open int.	99,047	
Total daily turnover	21,829	

COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1717.5-18.5	1739-39.5
Previous	1677-78	1699-99.5
High/low		1741/1695
AM Official	1693-94	1715.5-16.5
Kerb close		1739-40
Open int.	213,220	
Total daily turnover	73,428	

LME AM Official £/$ rate: 1.4880
LME Closing £/$ rate 1.4948

Spot:1.4980 3 mths:1.4880 6 mths:1.4824 9 mths:1.4785

HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Dec	79.60	+3.00	79.65	77.75	2,023	300
Jan	79.55	+2.95	79.70	77.90	1,536	55
Feb	79.95	+2.95	-	-	[illegible]	1
Mar	80.20	+2.95	80.30	78.40	45,322	3,823
Apr	80.35	+2.90	-	-	534	63
May	80.45	+2.85	80.60	78.60	7,584	292
Total					70,780	4,849

PRECIOUS METALS

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	382.60-383.00	
Opening	381.70-382.10	
Morning fix	382.30	256.719
Afternoon fix	382.30	255.497
Day's High	383.50-383.90	
Day's Low	381.80-382.20	
Previous close	382.60-383.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ......2.82 6 months 2.78
2 months ......2.78 12 months 2.83
3 months 2.76

Silver Fix	p/troy oz.	US cts equiv.
Spot	332.80	498.70
3 months	336.70	502.20
6 months	340.65	506.25
1 year	348.15	515.40

Gold Coins	$ price	£ equiv.
Krugerrand	384-387	256-259
Maple Leaf	393.85-396.40	-
New Sovereign	88-91	58-61

Precious Metals continued

GOLD COMEX (100 Troy oz.; $/troy oz.) — [illegible]

PLATINUM NYMEX (50 Troy oz.; $/troy oz.) — [illegible]

PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) — [illegible]

SILVER COMEX (100 Troy oz.; Cents/troy oz.) — [illegible]

ENERGY

CRUDE OIL NYMEX (42,000 US galls. $/barrel) — [illegible]

CRUDE OIL IPE ($/barrel) — [illegible]

HEATING OIL NYMEX (42,000 US galls; c/US galls) — [illegible]

GAS OIL IPE ($/tonne) — [illegible]

NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) — [illegible]

UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls) — [illegible]

SOFTS

COCOA LCE (£/tonne) — [illegible]

COCOA CSCE (10 tonnes; $/tonnes) — [illegible]

COCOA (ICCO) (SDR's/tonne) — [illegible]

COFFEE LCE ($/tonne) — [illegible]

COFFEE 'C' CSCE (37,500lbs; cents/lbs) — [illegible]

COFFEE (ICO) (US cents/pound) — [illegible]

No7 PREMIUM RAW SUGAR LCE (cents/lbs) — [illegible]

WHITE SUGAR LCE ($/tonne) — [illegible]

SUGAR '11' CSCE (112,000lbs; cents/lbs) — [illegible]

COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	63.90	-0.30	64.80	63.77	863	113
Mar	64.62	-0.28	65.00	65.00	4,542	314
Total					46,341	7,748

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	104.30	-3.80	108.80	104.30	[illegible]	1,391
Mar	106.85	-3.80	111.40	106.80	8,515	[illegible]
May	108.50	-3.80	114.10	109.00	2,661	312
Jul	112.25	-4.15	113.35	113.00	836	158
Sep	114.23	-4.15	-	-	646	2
Nov	114.75	-4.85	114.75	114.75	129	-
Total					[illegible]	[illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

REUTERS (Base: 18/9/31=100)

Dec 10	Dec 9	month ago	year ago
1660.6	1650.8	1616.2	1565.9

CRB (Base: 4/9/56=100)

Dec 9	Dec 8	month ago	year ago
223.39	223.45	-	-

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs) — [illegible]

LIVE HOGS CME (40,000lbs; cents/lbs) — [illegible]

PORK BELLIES CME (40,000lbs; cents/lbs) — [illegible]

LONDON TRADED OPTIONS

ALUMINIUM (99.7%) LME; COPPER (Grade A) LME; COFFEE LCE; COCOA LCE; BRENT CRUDE IPE — [illegible]

LONDON SPOT MARKETS

CRUDE OIL FOB; OIL PRODUCTS NWE prompt delivery CIF; OTHER — [illegible]

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. ... Rotterdam. ... Change on week, provisional prices. [illegible]

GRAINS AND OIL SEEDS

WHEAT LCE (£ per tonne); WHEAT CBT (5,000bu min; cents/60lb bushel); MAIZE CBT (5,000 bu min; cents/56lb bushel); BARLEY LCE (£ per tonne); SOYABEANS CBT (5,000bu min; cents/60lb bushel); SOYABEAN OIL CBT (60,000lbs; cents/lb); SOYABEAN MEAL CBT (100 tons; $/ton); POTATOES LCE (£/tonne); FREIGHT (BIFFEX) LCE ($10/index point) — [illegible]

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.9800	+0.170	6.72	6.84	6.65
Belgium		9.000	03/03	116.0700	-0.050	6.62	6.82	6.96
Canada *		7.500	12/03	105.7500	-0.450	6.70	6.79	6.84
Denmark		8.000	05/03	112.3500	+0.050	6.22	6.07	6.44
France	BTAN	8.500	05/98	109.6500	+0.010	5.18	5.07	6.09
	OAT	8.750	10/03	108.5900	+0.040	5.85	6.07	6.09
Germany		6.000	09/03	101.6000	+0.260	[illegible]	[illegible]	5.99
Italy		9.000	10/03	101.5000	-0.010	8.77†	9.31	9.00
Japan	No 119	4.800	06/99	111.2260	-	2.49	2.57	2.84
	No 157	4.500	06/03	109.5640	-	3.19	3.26	3.52
Netherlands		6.500	04/03	105.4600	-0.170	5.72	5.83	5.81
Spain		10.500	10/03	114.3500	-	8.31	8.54	8.54
UK Gilts		9.750	01/98	114-16	-3/32	5.69	5.79	6.17
		8.000	06/03	111-22	+1/32	6.34	6.46	6.78
		9.000	10/08	122-14	+8/32	6.61	6.76	7.12
US Treasury *		5.750	08/03	100-16	-9/32	5.68	5.80	5.69
		6.250	08/23	101-02	-14/32	6.17	6.28	6.19
ECU (French Govt)		8.000	04/03	113.1200	+0.300	6.11	6.36	6.46

London closing, *New York mid-day. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

ECONOMIC DIARY – FORWARD EVENTS

TODAY: EU leaders' summit continues in Brussels. Chilean presidential elections.

TOMORROW: Russian elections for Federal assembly and referendum on new constitution. Eighth African Aids conference in Marrakesh (until December 16).

MONDAY: Substantive negotiations on the text of the final accord in the Uruguay Round are expected to be completed in order to permit ministers to make decisions ahead of the December 15 deadline. Start of two-day meeting of the economic and finance ministers of the EU in Brussels. EU parliament meets in Strasbourg. EU farm ministers meet in Brussels. National Food Survey: household food consumption (third quarter). Producer price index numbers (November). Index of output of the production industries (October). Capital issues and redemptions (November).

TUESDAY: Company liquidity survey (third quarter). CBI survey of distributive trades (November). US retail sales (November). Preliminary figures to be announced by the Trafalgar House group.

WEDNESDAY: Final deadline for Gatt agreement. Retail prices index (November). Retail sales (November). US business inventories (October). CIS summit in Ashgabat, Turkmenistan.

THURSDAY: Labour market statistics: unemployment and unfilled vacancies (November-provisional); average earnings indices (October-provisional); employment, hours, productivity and unit wage costs; industrial disputes; government training and enterprise programmes (September). Public sector borrowing requirement (November). Cross border acquisitions and mergers (third quarter). Labour force survey (summer 1993). Financial statistics (December). Machine tools (October). US merchandise trade (October).

FRIDAY: CBI monthly trends enquiry (December). Distributive and service trades (1991). US housing starts (November); building permits (November). House of Commons rises for Christmas recess (returns January 11). Interims from Asda Group and Manweb.

BOND FUTURES AND OPTIONS

France

NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	125.62	125.46	+0.12	125.66	125.37	49,586	89,283
Mar	129.46	129.50	+0.20	129.80	129.40	202,148	109,800
Jun	128.86	128.92	+0.22	129.04	128.86	834	3,018

LONG TERM FRENCH BOND OPTIONS (MATIF) — [illegible]

Germany

NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.65	100.69	-0.10	101.00	100.66	109546	154327
Jun	100.66	100.66	-0.06	100.83	100.80	51	1029

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10050	0.83	1.19	0.64	1.03
10100	0.59	0.98	0.90	1.30
10150	0.40	0.75	1.21	1.69

Est. vol. total, Calls 35534 Puts 4476. Previous day's open int., Calls 132825 Puts 79779

NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.53	103.45	-0.03	103.53	103.44	1028	10256

Italy

NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	115.80	115.90	-0.50	117.00	115.62	35507	77185
Jun	116.75	116.00	-0.40	116.75	116.75	1	153

ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11550	2.10	3.14	1.70	2.64
11600	1.85	2.88	1.95	2.89
11650	1.60	2.65	2.20	3.15

Est. vol. total, Calls 4566 Puts 567. Previous day's open int., Calls 28314 Puts 20602

Spain

NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	104.15	104.08	-0.01	104.20	103.95	23,054	35,312
Mar	104.40	104.30	-0.02	104.45	104.17	19,323	88,078
Jun	-	104.00	-	-	-	-	50

UK

NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	119-09	119-04	-0-05	119-11	119-02	1086	11217
Mar	118-07	118-11	-0-06	118-22	117-30	73750	130077
Jun		117-21	-0-06			0	82

LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
118	1-39	2-00	1-17	2-22
119	1-07	1-37	1-49	2-59
120	0-47	1-14	2-25	3-38

Est. vol. total, Calls 10549 Puts 3970. Previous day's open int., Calls 92171 Puts 28072

Ecu

ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	121.62	121.70	+0.24	121.84	121.66	2,676	6,808
Mar	121.10	121.12	+0.22	121.28	121.00	646	10,087

US

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	[illegible]	117-19	+0.01	117-20	117-15	9,831	62,159
Mar	[illegible]	116-12	-	116-23	116-05	355,099	[illegible]
Jun	[illegible]	116-11	+0.01	115-20	115-08	656	9,497
Sep	[illegible]	114-12	+0.02	114-19	114-11	518	12,721

Japan

NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100% — [illegible]

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark rises

The D-Mark recouped some of its recent losses against the other core currencies in Europe's exchange-rate mechanism and firmed markedly against the US dollar, *writes Conner Middelmann.*

After posting sharp gains against the D-Mark, the French and Belgian francs and the Danish krone edged lower on profit-taking ahead of the weekend, during which EC and US leaders will meet in Brussels and Geneva to discuss the GATT world trade talks.

■ Pound in New York

Dec 10	—Latest—	— Prev. close —
£ spot	1.4955	1.4950
1 mth	1.4925	1.4923
3 mth	1.4880	1.4880
1 yr	1.4772	1.4768

"Given the high-level talks over the weekend, most people didn't want to risk running large positions," said Mr Keith Edmonds, chief analyst at IBJ International.

The French franc drifted lower, though it did not leave its former narrow ERM band. At its lowest point during the day, it hit the floor of the former 2.25 per cent fluctuation band at FFr3.4305, but closed at FFr3.424, after from FFr3.427 on Thursday.

The Danish krone also eased back slightly after being boosted Thursday by fresh rate-cut hopes. It briefly pierced the floor of its former narrow ERM band at DKr3.9016 but closed at DKr3.918 against the D-Mark, after DKr3.918 on Wednesday. The Belgian franc closed at BFr20.91, unchanged from Thursday's close.

● Sterling slipped below DM2.45 as European traders took profits from the gains earlier in the week. It closed at DM2.5400, down from DM2.5500 on Thursday but up from its intra-day low of DM2.5357.

Sterling money market conditions were tight amid seasonal pressures. "It was a very short day at the end of a very short week," sighed a London money market dealer, who expects the tightness to continue next week.

The Bank of England initially forecast a shortage of £2.6bn, which was later revised up to £2.75bn. In early operations the Bank purchased bills totalling £1.5bn for resale to the market in equal amounts on December 29, 30 and 31 at 5 3/8. In further operations the Bank purchased band 2 bills totalling £5m. In its afternoon operation it bought another £553m of bills and provided late assistance of around £710m.

The December short sterling futures contract slipped by 0.06 point to 94.63 and the March contract eased by 0.04 point to 94.93.

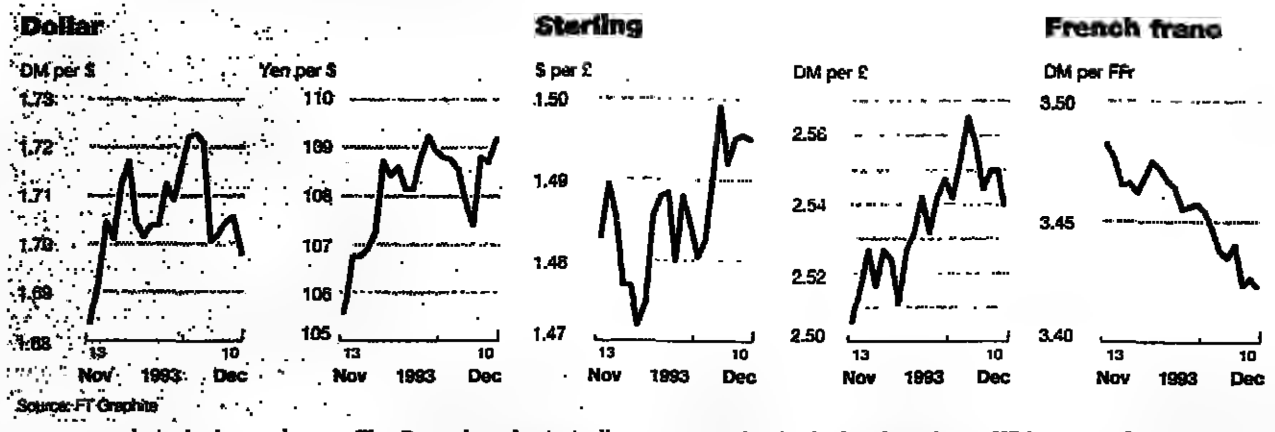
● The dollar shed more than a pfennig against the D-Mark, breaching key technical support at DM1.6950. It slid to a low of DM1.6932 before closing in London at DM1.6990, down from DM1.7055 on Thursday.

Traders said there were no strong reasons for the slippage and the extent of the move was amplified by thin trading conditions. "Even a small hedging transaction in the bond market can trigger quite marked and often counter-intuitive moves in the currency," said a London dealer.

The dollar rose against the Yen, however, ending at Y109.15, up from Thursday's close of Y108.65. The Yen was depressed by the Bank of Japan's latest quarterly corporate survey, which painted a gloomy economic picture and kept hopes for a near-term cut in the 1.75 per cent official discount rate alive.

Next week's slew of economic data from Japan and the US is expected to highlight the divergence of the two countries' economies, further underpinning the dollar against the Yen. Mr Edmonds at IBJ expects the dollar to trade at around Y110 by year-end and to rise to Y115 on a three-month view.

The US sees the release next week of retail sales, industrial production, capacity utilisation, business inventories and housing starts data, while Japan is due to publish industrial production, machine orders and the November trade balance figures.



Source: FT Graphite

POUND SPOT FORWARD AGAINST THE POUND

Dec 10		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.85	-0.05	780 - 790	17.92	17.81	17.8806	-0.7	17.8737	-0.5	-	-	114.4
Belgium	(BFr)	53.10	-0.25	305 - 315	53.25	53.05	53.185	-1.9	53.33	-1.7	53.73	-1.2	113.0
Denmark	(DKr)	9.9375	-0.0525	325 - 425	9.9720	9.9175	9.9563	-2.3	9.9876	-2.0	10.0706	-1.5	115.8
Finland	(FM)	8.5225	-0.048	075 - 375	8.5555	8.5075	-	-	-	-	-	-	79.9
France	(FFr)	8.6975	-0.04	[illegible]	8.7305	8.6855	8.7062	-1.2	8.7226	-1.2	8.7468	[illegible]	106.1
Germany	(DM)	2.5400	-0.01	375 - 425	2.5520	2.5325	2.5418	[illegible]	2.5446	-0.7	2.5458	[illegible]	124.0
Greece	(Dr)	362.75	-2.25	230 - 320	364.20	362.20	-	-	-	-	-	-	-
Ireland	(I£)	1.0520	-0.002	515 - 525	1.0570	1.0500	[illegible]	-0.9	1.0542	-0.8	[illegible]	-0.7	102.5
Italy	(L)	2504.00	-5.5	350 - 450	2509.65	2494.45	2510.4	-3.1	[illegible]	[illegible]	2579.85	-3.0	78.2
Luxembourg	(LFr)	53.10	-0.25	305 - 315	53.25	[illegible]	53.185	-1.9	[illegible]	-1.7	53.73	-1.2	113.0
Netherlands	(Fl)	2.8425	-0.01	375 - 475	2.8540	[illegible]	[illegible]	-0.3	[illegible]	-0.2	[illegible]	0.0	[illegible]
Norway	(NKr)	11.0225	-0.06	175 - 275	11.0875	11.0015	11.0287	-0.7	[illegible]	-0.4	11.0227	0.0	95.6
Portugal	(Es)	259.30	-0.75	[illegible]	260.25	258.80	260.74	[illegible]	263.075	-5.8	-	-	-
Spain	(Pta)	207.80	-0.65	745 - 775	208.60	207.30	[illegible]	-3.9	209.525	-3.7	214.385	[illegible]	86.7
Sweden	(SKr)	12.4525	+0.035	475 - 575	12.5140	12.3655	12.475	[illegible]	12.508	-1.8	[illegible]	-1.5	73.0
Switzerland	(SFr)	2.1775	-0.0175	725 - 825	2.1910	2.1710	2.1752	1.3	2.1712	1.2	2.1495	1.3	116.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	81.5
Ecu	-	1.3170	-0.0055	165 - 175	1.3210	1.3136	1.3182	-1.1	1.3204	-1.0	1.3249	-0.6	-
SDR†	-	0.[illegible]	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4930	+0.0005	925 - 935	1.4975	1.4900	-	-	-	-	-	-	-
Brazil	(Cr)	392.85	+5.45	280 - 290	394.00	387.00	-	-	-	-	-	-	-
Canada	(C$)	1.9870	+0.006	865 - 875	1.9970	1.9825	1.9844	1.6	1.9805	1.3	1.9745	0.6	91.1
Mexico	(New Peso)	4.6565	+0.0145	[illegible]	4.6680	4.6470	-	-	-	-	-	-	-
USA	($)	1.4950	-0.0005	[illegible]	1.5010	1.4925	1.492	2.4	1.4876	2.0	1.4767	1.2	68.7
Pacific/Middle East/Africa													
Australia	(A$)	2.2310	+0.01	295 - 325	[illegible]	2.2230	2.2298	0.7	2.2279	0.6	2.2277	0.1	-
Hong Kong	(HK$)	11.5540	+0.0065	535 - 545	11.5920	11.5275	11.5392	1.5	11.5082	1.6	11.4129	1.2	-
India	(Rs)	46.55	-	680 - 690	47.05	46.80	-	-	-	-	-	-	-
Japan	(Y)	163.25	+0.75	275 - 375	164.15	162.15	[illegible]	3.3	161.815	3.3	[illegible]	3.1	179.1
Malaysia	(M$)	3.8165	+0.0015	160 - 170	3.8300	[illegible]	-	-	-	-	-	-	-
New Zealand	(NZ$)	[illegible]	+0.0035	930 - 960	2.7050	2.6875	2.6952	-0.3	2.6964	-0.3	[illegible]	-0.4	-
Philippines	(Peso)	40.95	+0.3	[illegible]	41.00	40.85	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6110	+0.004	105 - 115	5.6290	5.5990	-	-	-	-	-	-	-
Singapore	(S$)	2.3900	+0.0015	[illegible]	[illegible]	2.3850	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0390	+0.0065	[illegible]	5.0425	5.0095	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5975	+0.012	900 - 050	6.6620	6.5610	-	-	-	-	-	-	-
South Korea	(Won)	1210.45	+0.55	040 - 050	1214.45	1207.75	-	-	-	-	-	-	-
Taiwan	(T$)	40.20	-0.05	015 - 025	40.30	40.05	-	-	-	-	-	-	-
Thailand	(Bt)	37.90	-0.05	785 - 795	38.10	37.85	-	-	-	-	-	-	-

†SDR rate for Dec 9. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 10		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty chges %
Europe													
Austria	(Sch)	11.9300	-0.055	275 - 325	[illegible]	[illegible]	11.956	-2.6	12.0022	-2.4	12.1207	-1.6	+16.19
Belgium	(BFr)	35.55	-0.15	[illegible]	35.65	35.45	35.68	-4.4	35.88	-3.7	36.415	-2.4	-0.32
Denmark	(DKr)	6.6475	-0.0325	450 - 500	6.6705	6.6290	6.6727	-4.6	[illegible]	-4.0	6.8225	-2.6	+10.35
Finland	(FM)	5.6970	-0.036	870 - 070	[illegible]	5.6870	[illegible]	-2.8	5.733	[illegible]	5.7865	-1.6	-
France	(FFr)	5.8175	-0.025	150 - 200	5.8340	5.8050	5.835	-3.6	5.8635	-3.2	5.9255	-1.9	[illegible]
Germany	(D)	1.6990	-0.0065	[illegible]	1.7045	[illegible]	1.7034	-3.1	[illegible]	-2.7	[illegible]	-1.5	[illegible]
Greece	(Dr)	242.50	-1.6	220 - 280	243.80	242.20	246	-17.3	253.5	-18.1	287.5	-18.6	-
Ireland	(I£)	1.4195	+0.0045	190 - 200	1.4245	1.4140	1.4157	3.2	[illegible]	2.9	[illegible]	2.0	-
Italy	(L)	1675.00	-3	475 - 525	[illegible]	[illegible]	1682.65	-5.5	1696.7	-5.2	1747	-4.3	[illegible]
Luxembourg	(LFr)	35.55	-0.15	550 - 560	35.65	35.45	35.68	-4.4	35.88	-3.7	[illegible]	-2.4	-0.32
Netherlands	(Fl)	1.9020	-0.008	015 - 025	1.9075	1.8975	1.9062	-2.6	[illegible]	-2.2	1.9242	-1.2	+21.29
Norway	(NKr)	7.3725	[illegible]	700 - 750	7.4170	7.3550	[illegible]	-2.8	7.4137	-2.2	7.4775	-1.4	-18.11
Portugal	(Es)	[illegible]	-0.45	340 - 350	173.85	[illegible]	174.7	-6.6	176.94	-6.0	184.8	-6.5	-
Spain	(Pta)	[illegible]	-0.4	880 - 890	[illegible]	[illegible]	[illegible]	-6.3	140.84	-5.7	145.165	-4.5	-
Sweden	(SKr)	8.3300	+0.0275	275 - 325	8.3760	8.2640	8.3602	-4.4	8.4067	-3.7	8.555	-2.7	[illegible]
Switzerland	(SFr)	[illegible]	-0.0105	560 - 570	[illegible]	[illegible]	1.4578	-1.1	1.4595	-0.8	1.4556	0.1	+25.78
UK	(£)	1.4950	[illegible]	945 - 955	1.5010	[illegible]	[illegible]	2.4	1.4876	2.0	1.4767	1.2	[illegible]
Ecu	-	[illegible]	+0.004	345 - 355	[illegible]	[illegible]	[illegible]	3.4	[illegible]	3.0	1.1145	1.8	-
SDR†	-	1.38881	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9985	-	980 - 990	0.9990	0.9975	-	-	-	-	-	-	-
Brazil	(Cr)	262.65	+3.5	260 - 270	[illegible]	262.60	-	-	-	-	-	-	-
Canada	(C$)	[illegible]	+0.0045	285 - 295	1.3320	1.3240	1.3299	-0.8	1.3313	-0.7	1.337	-0.6	-10.82
Mexico	(New Peso)	3.1125	+0.008	115 - 135	3.1190	3.1115	3.1142	-0.7	3.1183	-0.7	[illegible]	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	-10.50
Pacific/Middle East/Africa													
Australia	(A$)	[illegible]	[illegible]	905 - 925	[illegible]	1.4870	[illegible]	-1.1	1.4964	-1.3	1.5044	-0.9	[illegible]
Hong Kong	(HK$)	7.7235	+0.0005	230 - 240	7.7240	7.7230	7.7257	-0.3	7.727	-0.2	7.736	-0.2	-
India	(Rs)	31.3700	+0.0025	650 - 750	31.3775	31.3650	31.45	-3.1	31.655	-3.6	-	-	-
Japan	(Y)	109.15	+0.5	910 - 920	109.25	108.45	109.065	0.9	108.8	1.3	107.105	1.9	+120.28
Malaysia	(M$)	2.5515	-0.0005	510 - 520	2.5525	2.5510	2.5523	-0.4	2.5565	-2.4	[illegible]	-2.4	-
New Zealand	(NZ$)	1.8010	+0.001	000 - 020	[illegible]	[illegible]	[illegible]	-0.6	1.8044	[illegible]	1.8113	-0.6	-
Philippines	(Peso)	27.40	+0.2	735 - 745	27.50	27.35	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7520	-	500 - 540	3.7540	[illegible]	3.758	-1.9	3.7685	-1.8	3.791	-1.0	-
Singapore	(S$)	1.5975	-0.0005	970 - 980	1.5990	1.5970	1.5965	0.8	1.5952	0.3	1.594	0.2	-
S Africa (Com.)	(R)	3.3585	+0.0025	675 - 695	3.3695	3.3565	3.3845	-5.7	3.4003	[illegible]	3.5325	-4.8	-
S Africa (Fin.)	(R)	4.4100	+0.005	050 - 150	4.4600	[illegible]	[illegible]	-8.7	4.504	-8.5	-	-	-
South Korea	(Won)	809.15	-0.15	910 - 920	[illegible]	[illegible]	812.15	-4.4	815.65	-3.2	834.15	-3.1	-
Taiwan	(T$)	26.90	-	885 - 695	[illegible]	26.85	26.965	-2.9	27.105	-3.0	-	-	-
Thailand	(Bt)	25.35	-0.05	[illegible]	25.50	25.30	25.365	-0.7	25.305	-0.7	25.65	-1.2	-

†SDR rate for Dec 9. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Dec 9. Base average 1980/82=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec.10		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.72	16.38	4.783	1.981	4716	5.354	20.76	[illegible]	391.0	23.45	4.102	[illegible]	3.742	2.815	307.5	[illegible]
Denmark	(DKr)	53.43	10	8.752	2.556	1.059	2520	2.861	11.09	260.9	208.9	12.53	[illegible]	1.006	[illegible]	1.504	164.3	1.325
France	(FFr)	61.05	11.43	10	2.920	1.209	2879	[illegible]	12.67	298.1	238.7	14.31	2.504	1.150	2.284	1.719	187.7	1.514
Germany	(DM)	20.91	3.913	3.424	1	0.414	985.8	1.119	[illegible]	102.1	81.73	4.902	0.857	[illegible]	0.782	0.589	64.29	0.519
Ireland	(I£)	50.48	9.447	8.268	2.414	1	2380	2.702	10.48	[illegible]	197.3	11.83	2.070	0.951	1.889	1.421	155.2	1.252
Italy	(L)	2.121	0.397	0.347	0.101	0.042	100.	0.114	0.440	10.38	8.291	0.497	0.087	0.040	0.079	0.060	6.522	0.053
Netherlands	(Fl)	18.68	3.496	3.059	0.893	0.370	880.8	1	3.878	91.21	[illegible]	4.379	0.766	[illegible]	0.699	0.526	57.44	0.463
Norway	(NKr)	48.19	9.018	7.895	2.305	0.955	2272	2.580	10	235.3	188.4	11.30	1.976	0.907	1.803	1.357	148.2	1.195
Portugal	(Es)	20.48	3.833	3.354	0.980	0.406	965.7	1.096	4.250	100.	80.08	4.801	0.840	0.386	0.766	0.577	62.98	0.508
Spain	(Pta)	25.58	4.787	4.190	1.224	0.507	1206	1.369	5.308	124.9	100.	5.997	1.049	0.482	0.957	0.720	78.66	0.634
Sweden	(SKr)	42.65	7.982	6.985	2.040	0.845	2011	2.284	8.851	208.3	166.7	10	1.749	0.803	1.596	1.201	131.2	1.058
Switzerland	(SFr)	24.38	4.563	3.994	1.166	0.483	1150	1.305	5.060	119.1	95.32	5.716	1	0.459	0.912	0.686	74.96	0.605
UK	(£)	53.10	9.938	8.698	2.540	1.052	2504	2.843	11.02	259.3	207.8	12.45	2.178	1	1.987	1.495	163.3	1.317
Canada	(C$)	26.72	5.002	4.377	1.278	0.529	1260	1.431	5.548	130.5	104.5	6.266	1.096	0.503	1	0.752	82.16	0.663
US	($)	35.52	6.647	5.818	1.699	0.704	1675	1.902	7.371	173.4	138.9	8.329	1.457	0.669	1.329	1	109.2	0.881
Japan	(Y)	325.2	60.88	53.28	15.55	6.442	15354	17.41	67.48	1588	1271	76.24	13.34	6.124	12.17	9.155	1000.	8.065
Ecu		40.32	7.546	6.604	1.929	0.799	1901	2.159	8.366	196.9	157.8	9.453	1.654	0.759	1.509	1.135	124.0	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.5875	0.5892	+0.0028	0.5909	0.5875	17,034	71,027
Mar	0.5823	0.5853	+0.0031	0.5867	0.5823	[illegible]	118,244
Jun	-	0.5830	-	-	-	195	627
Sep	-	0.5777	-	-	-	20	129

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.9220	[illegible]	-0.0016	0.9220	[illegible]	7,163	35,392
Mar	0.9252	0.9211	-0.0021	0.9250	[illegible]	16,170	59,047
Jun	-	[illegible]	-	-	-	61	665
Sep	-	0.9318	-	-	-	6	182

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6859	0.6871	+0.0049	0.6895	0.6859	[illegible]	30,734
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14,403	23,816
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3	37
Sep	-	[illegible]	-	-	-	-	-

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.4984	1.4970	+0.0056	1.5020	[illegible]	4,988	18,544
Mar	1.4880	1.4896	+0.0036	1.4940	1.4860	11,796	26,372
Jun	-	[illegible]	-	-	-	101	279

EMS EUROPEAN CURRENCY UNIT RATES

Dec 10	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.16025	-0.00074	-1.66	4.17	-
Ireland	0.808628	0.798961	-0.000373	-1.20	3.68	8
Germany	1.94964	1.92895	-0.00218	-1.06	3.54	-
Belgium	40.2123	40.3721	+0.03	0.40	2.03	-3
France	6.53883	6.61037	-0.00433	1.09	1.33	-9
Denmark	7.43679	7.54529	-0.01121	1.46	0.96	-10
Portugal	192.854	197.101	+0.278	2.20	0.23	-15
Spain	154.250	158.010	+0.307	2.44	0.00	-17
NON ERM MEMBERS						
Greece	264.513	275.748	-0.402	4.25	-1.74	-
Italy	1793.19	1902.42	+2.01	6.09	-3.44	-
UK	0.786749	0.759712	-0.003231	-3.44	6.06	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	PUTS Dec	PUTS Jan	PUTS Feb
1.400	9.72	9.46	9.51	0.07	0.01	0.27
1.425	7.27	7.14	7.39	0.07	0.13	0.59
1.450	4.77	[illegible]	5.49	0.07	0.43	1.12
1.475	2.32	3.12	[illegible]	0.07	1.01	1.94
1.500	0.09	1.74	[illegible]	0.26	[illegible]	3.05
1.525	-	0.85	1.59	2.58	3.63	4.67

Previous day's vol., Calls 73,603 Puts 12,865 . Prev. day's open int., Calls 748,[illegible] Puts 606,159

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

[illegible]

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

[illegible]

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

[illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

[illegible]

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

[illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

[illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9450	0.15	0.47	0.67	0.01	0.05	0.05
9475	0.02	0.27	0.47	0.13	0.10	0.10
9500	0	0.13	0.30	0.36	0.21	0.18

Est. vol. total, Calls 10526 Puts 3210. Previous day's open int., Calls 177353 Puts 170780

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	7	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £139¼ (8De93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) - £139.2 ¼ (8De93)

Corporation and County Stocks

Birmingham District Council 11½% Red Stk 2012 - £136½ 8 (8De93)
Islington Corp 11.9% Red Stk 2017 - £134½
Manchester(City of) 11.5% Red Stk 2007 - £134½ (8De93)
Norwich Corp 3% Red Stk - £35 (7De93)
Reading Corp 3½% Stk - £45 (6De93)
Sunderland(Borough of) 11¾% Red Stk 2008 - £132¾ (6De93)

UK Public Boards

Metropolitan Water Metropolitan Water 3% A Stk 63/2003 - £73½ (3De93)

Commonwealth-Government

British Guiana (Demerara Railway) 4% Perp Stk - £35 (6De93)

Foreign Stocks, Bonds, etc-(coupons payable in London)

Abbey National Sterling Capital PLC10⅜% Subord Gtd Bds 2002 (Br £ Var) - £118⅞ (6De93)
Abbey National Treasury Servs PLC 7¾% Grd Nts 1998 (Br £ Var) - £106.4
Abbey National Treasury Servs PLC 8% Gtd Bds 2003 (Br £ Var) - £107⅝ ¾ .8 8⅛
Allied-Lyons PLC 10⅝% Bds 1999(Br£5000&100000) - £117⅛
Associated British Ports Hldgs PLC 10¾% Bds 2015(Br£10000&100000) - £126⅝ (3De93)
Associated British Ports Hldgs PLC 11⅞% Bds 2011 (Br £10000&100000) - £136.35 (3De93)
BAA PLC 11¾% Bds 2016 (Br £10000&100000) - £114.05 (7De93)
BP America Inc 9½% Gtd Nts 1994(Br£1000&10000) - £101⅛ (7De93)
Barclays Bank PLC 7.875% Undated Subord Nts(Reg/IntMult£1) - £101⅞ (3De93)
Barclays Bank PLC 7.875% Undated Subord Nts (Br £ Var) - £102⅛ ½ (7De93)
Barclays Bank PLC 9% Perm Int Bearing Capital Bds(Br£ Var) - £107½ ¾
Barclays Bank PLC 9.875% Undated Subord Nts - £111⅝ 11/16 (7De93)
Barclays Bank PLC 10¼% Sen Sub Bds 1997(Br£1000&10000) - £113⅞ (8De93)
Blue Circle Industries Capital Ld 10½% Cnv Cap Bds 2005(Br£5000&100000) - £133 (6De93)
Bradford & Bingley Building SocietyCollared FltgRteNts 2003(Reg Mult£1000) - £102¼
British Aerospace PLC 10¾% Bds 2014 (Br£10000&100000) - £119½ (8De93)
British Airways PLC 9½% Nts 1997(Br£1000&10000) - £110
British Airways PLC 10⅞% Bds 2008(Br£1000&10000) - £125⅛
British Gas Intl Finance BV Zero Cpn Gtd Bds 2021 (Br $Var) - $12.9 13.05 (6De93)
British Gas PLC 7⅝% Nts 1997 (Br £ Var) - £106⅛ ⅛ (7De93)
British Gas PLC 8⅛% Bds 2003 (Br £ Var) - £109¼ (8De93)
British Gas PLC 8⅞% Bds 2008 (Br £ Var) - £116.45
British Land Co PLC 8.875% Bds 2023 (Br £ Var) - £104 (8De93)
British Telecommunications PLC Zero Cpn Bds 2000(Br£1000&10000) - £67.45 ⅝ (6De93)
British Telecommunications PLC 7⅛% Bds 2003 (Br £ Var) - £104¼ 11/16 .82
British Telecommunications PLC 12¼% Bds 2006 - £142⅛ ⅞ .775 (8De93)
Bupa Finance PLC 10½% Subord Gtd Bds 2018 (Br £ Var) - £118¼ (8De93)
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £145½ ¾ 7 ¼ ¼ ½ ¾ 8 8
Cookson Finance NV 8⅞% Gtd Red Cnv Prf 2004 (BrShs 1&5) - £132 (7De93)
Daily Mail & General Trust PLC 8¾% Exch Bds 2005 (Br£1000&5000) - £156 (7De93)
Dawson Finance NV 9⅞% GtdRedCnvPrf 2004(CertsToBr £118) - £97½ (6De93)
Depfa Finance N.V. 7⅛% Gtd Bds 2003 (Br £ Var) - £101⅞ 2.1 ⅛ .17 .2 ¼ ¼ .3
EI Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £108
EI Enterprise Finance PLC 8¾% Gtd Exch Bds 2006(Br£5000&100000) - £107⅞ ⅛ .833 (7De93)
Enterprise Oil PLC 10⅝% Nts 1996 (Br £5000&100000) - £111.95 2¼ (8De93)
Finland(Republic of) 9¾% Nts 1997 (Br£ Var) - £111¾
Finland(Republic of) 10⅛% Bds 1998 - £116⅛ (8De93)
Fisher (Albert) Finance N.V. 8⅞% GtdRedCnvPrf 2004(Br£1000) - £126½
Forte PLC 8⅞% Bds 1997 (Br £5000) - £104¼ ¼ (3De93)
Forte PLC 9⅞% Bds 2003 (Br £ Var) - £109⅞
General Electric Credit Int'l NV Zero Cpn Gtd Nts 1994(Br$1000&10000) - $99
Granada Group PLC 11¼% Bds 2019 (Br£10000&100000) - £133.2 (7De93)
Guinness PLC 7⅞% Nts 1997 (Br £ Var) - £104¼ (3De93)
Guinness PLC 10⅝% Nts 1997 (Br £1000 & 10000) - £113.65
Guinness Finance BV 12% Gtd Nts 1998(Br£1000&10000) - £112¼ (6De93)
Halifax Building Society 7¾% Nts 1998 (Br £ Var) - £106 3/16 ⅛ ½ (6De93)
Halifax Building Society 10⅞% Nts 1997(Br£1000&10000) - £113 3/16 (7De93)
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £130 3/16 (7De93)
Halifax Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £103¾
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £124¼
Hanson PLC 10⅛% Bds 1997 (Br £Var) - £114.1
Hanson Trust PLC 10% Bds 2006 (Br£5000) - £116⅝ 11/16 (7De93)
Harrisons & Crosfield PLC 7½% Subb Cnv Bds 2003(Br£1000&10000) - £109 (8De93)
Hepworth Capital Finance Ld 11.25% Cnv Cap Bds 2005 (Br£1000&10000) - £136¼ (8De93)
Hydro-Quebec 9⅝% Debs Srs GY 6/6/95(Br£1000&10000) - £105⅝ (7De93)
International Bank for Rec & Dev 11% Nts 1994(Br£5000) - £105⅞ф
International Bank for Rec & Dev 11¼% Nts 1995(Br£1000) - £108 (6De93)
Japan Development Bank 7% Gtd Bds 2000 (Br £ Var) - £104⅞
Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £104⅛
Ladbroke Group PLC 5⅛% Subord Cnv Bds 2004(Br£1000&5000) - £131¾
Ladbroke Group PLC 8⅞% Bds 2003 (Br £ Var) - £105¼
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £99 (7De93)
Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £114⅞
Land Securities PLC 9⅞% Cnv Bds 2004 (Br£5000&50000) - £131 (8De93)
Lasmo PLC 7¾% Cnv Bds 2005(Br£1000&10000) - £90½ (8De93)
Lasmo PLC 9½% Nts 1999 (Br £ Var) - £107 (7De93)
Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £104½ (3De93)
Leeds Permanent Building Society 7⅜% Nts 1998 (Br £ Var) - £104⅝ ⅞
Leeds Permanent Building Society 10½% Subord Bds 1998 (Br£5000) - £114½ (6De93)
Leeds Permanent Building Society Collared FltgRteNts 2003(Reg Mult£1000) - £103½ (6De93)
Leeds Permanent Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £103¼ (3De93)
Lewis (John) PLC 10⅞% Bds 1998 (Br £10000&100000) - £114 1/16 (7De93)

Lloyds Bank PLC 11⅜% Subord Serial Nts 1998(Br£10000) - £113¼
MEPC PLC 12% Bds 2006 (Br £10000 & 100000) - £151½ (7De93)
Matsushita Electric Inds Co Ld 7¼% Bds 1/8/2002 (Reg $1000) - $104½ (3De93)
Microtek International Inc 8.5% Bds 2001(Br$10000) - $1.16 (3De93)
Municipality Finance Ld 9½% Gtd Nts 1997 (Br £Var) - £110¼ (7De93)
National Grid Co PLC 7⅜% Bds 1998 (Br £ Var) - £105⅜ (8De93)
National Power PLC 6¼% Bds 2003(Br$ Var) - 99½ 99½ (7De93)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Aberdeen Trust PLC A Wts to Sub for Ord - 36
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - £12 12⅛
Airflow Streamlines PLC 10% Cum Prf £1 - 114 (6De93)
Albert Fisher Group PLC ADR (10:1) - $9.74
Alexanders Hldgs PLC "A"(Rst.V)Ord 10p - 21 (6De93)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 70
Allied London Properties PLC 10% Cum Prf £1 - 120 (6De93)
Allied-Lyons PLC ADR (1:1) - $9.11 (7De93)
Allied-Lyons PLC 7½% Cum Prf £1 - 85 (7De93)

Investment Trusts

USM Appendix

Rule 535(2)

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved.

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LONDON STOCK EXCHANGE

MARKET REPORT

Futures weaken FT-SE Index as account ends

By Terry Byland,
UK Stock Market Editor

The impending expiry in the stock index futures market struck hard at blue chip share prices in London yesterday, taking 10 points off the most recent gain in the FT-SE Index. The premium of the December futures contract to the underlying Footsie Index, which has helped drive equities ahead this week, opened strongly but was steadily erased during the session.

With the equity trading account period closing tonight, the equity market followed the futures contract closely yesterday. After opening easier while awaiting the futures pricing and then drifting down by nearly 17 Footsie points, the market turned higher when the contract showed a 10 point premium. But the day's peak of 3,284.4 on the stock market was quickly wiped out when the December contract plunged from 3,293 to 3,268.

At the close, the FT-SE Index showed a net loss on the day of 10.3 at 3,261.3. The FT-SE Mid 250 Index, free from the direct influence of the stock index market, gained 5.1 to a new peak of 3,601.3. Private investors have turned to the Mid 250 Index sector in the search for growth stocks.

Aggressive trading between the futures and the equity market held the day's Seaq volume at 862.5m shares compared with 884.3m in the previous session; Thursday's retail business was worth £1.96bn, confirming the presence of the big institutions in the London market this week.

Last night the Footsie Index showed a gain of 4.8 per cent over the two-week trading account. The account has taken in the UK Budget from Mr Kenneth Clarke, which has been received very positively in London by both domestic and overseas investors. This week saw the Footsie extend its Budget gain by a further 27.1 points as global stock bourses have shown increasing optimism for cuts in interest rates across Europe. These hopes have buttressed expectations that UK interest rates will be reduced in the new year from the present 5.5 per cent to 5 per cent and, perhaps, below.

Falls in the UK market yesterday were dismissed as little more than a combination of profit-taking as the equity trading account closed and frantic reshuffling by marketmakers endeavouring to get positions straight before the December futures contract expires on Friday. The contract and the FT-SE Index itself must be in line at the expiry.

A significant downward pull on the market yesterday came from the banking sector, which has risen strongly over the past month and now makes up an important statistical factor in index calculations. Oil shares, another important area for the market as a whole, continued to feel the effects of weakness in global crude oil prices.

Consumer stocks, which have benefited from base rate optimism since the Budget removed fears of higher personal taxes in the UK, drifted easier yesterday but strategists saw no change in the positive views underpinning the sector.

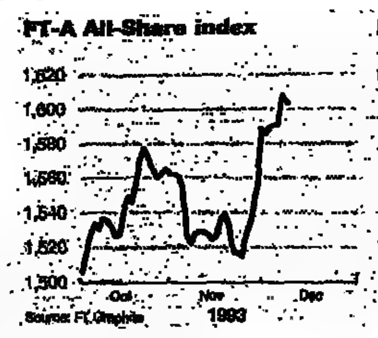
Next week brings a heavy list of data on the UK economy, led on Monday by the latest figures on producer prices and industrial output, and followed at mid-week by the UK retail price index, the prime indicator of inflationary pressure.

In addition, the UK market faces the weekly meeting of the Bundesbank policy council, which will be watched keenly for any move on German interest rates in the wake of the cut this week in Bundesbank repo rates.

Account Dealing Dates		
*First Dealings:		
Nov 29	Dec 13	Jan 4
Option Declarations:		
Dec 9	Dec 30	Jan 13
Last Dealings:		
Dec 10	Dec 31	Jan 14
Account Day:		
Dec 20	Jan 10	Jan 24

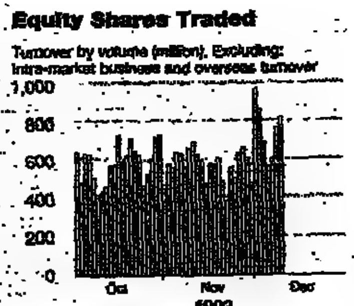
*New time dealings may take place from two business days earlier.

FT-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios		
FT-SE Mid 250	3601.3	+5.1
FT-SE-A 350	1623.2	-3.4
FT-A All-Share	1603.06	-3.14
FT-A All-Share yield	3.54	(3.53)
FT Ordinary Index	2459.6	-3.3
FT-A 500 p/e	20.47	(20.54)
FT-SE 100 Fut Dec	3268.0	-13.0
10 yr Gilt yield	6.81	(6.35)
Yield ratio:	1.92	(1.94)

FT-SE 100 Index	
Closing index for Dec 10	3261.3
Change over week	+27.1
Dec 9	3271.6
Dec 8	3277.4
Dec 7	3237.3
Dec 6	3237.3
High*	3300.1
Low*	3241.6

*Intra-day high and low for week

TRADING VOLUME

Major Stocks yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	20,000	52¼	+½	Lonrho	2,900	135½	-2
Abbey National†	6,700	466	-18	Lucas	1,600	189½	+½
Albert Fisher	439	64		MEPC†	830	561	+3
Allied-Lyons†	1,300	624	+3	MFI	1,800	147	+1
Anglian Water†	501	566	-1	Manweb	121	723	+3
Argos	845	366	-1	Marks & Spencer†	3,800	447½	+½
Argyll Group†	4,100	261		Midlands Elect.	862	689	+2
[illegible]							
Harrisons Crosfield	807	200	+1	Unigate	101	349	-2
Hays	805	202	-1	Unilever†	1,300	1180	+6
Hillsdown	1,400	154		United Biscuits†	1,600	347	+5
IMI	151	302		Utd. Newspapers	512	663	+2
ICI†	1,500	761	-4	Vodafone†	2,200	669	+3
Inchcape†	575	630	+4	Warburg (SG)†	1,400	900	[illegible]
Johnson Matthey	198	496	+2	Wellcome†	1,000	627	-29
Kingfisher†	1,300	735	-6	Welsh Water	280	699	+7
Kwik Save	363	647	+1	Wessex Water	380	682	[illegible]
Ladbroke†	7,200	161½	+5½	Whitbread 'A'†	613	509	+5
Land Securities†	1,400	794	+5	Williams Hldgs.†	2,000	352	+3
Laporte	228	693	+5	Willis Corroon	1,500	221½	+3½
Legal & General†	1,100	534	+3	Wimpey	3,300	179	+5
Lloyds Abbey	4,100	435	-1	Wolseley†	966	816	+16
Lloyds Bank†	2,900	621	-20	Yorkshire Elect.	305	661	
LASMO	13,000	104	-5	Yorkshire Water	317	604	-4
London Elect.	276	644	+3	Zeneca†	1,600	773	-4

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. †Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

The futures contract on the FT-SE 100 Index was sold back yesterday prompting a gentle slide in the underlying equity index on the last day of the current trading account, *writes Peter John*.

The contract for December, which expires on Friday opened lower at 3,273 and was pushed up 20 points in early trading. But the gains proved unsustainable and the contract fell back throughout the day to end a net 5 points lower at 3,268 on turnover of only 11,000 lots.

The spread between the December and March contract widened to 21 points against a broad fair value estimate of some 14 points. The wide spread has discouraged many traders from rolling over positions.

Volume in traded options fell back with only 35,000 lots dealt by the close of business, less than half of which represented the Footsie. The most heavily traded stock option was British Steel with just over 2,000 contracts changing hands.

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3273.0	3268.0	-13.0	3293.0	3262.0	[illegible]	45544
Mar	3288.0	3288.5	-12.0	3311.5	3282.0	2989	32957
Jun		3239.0	-11.5			0	961

Contract traded on APT. Open interest figures are for previous day.

FT-SE 100 INDEX OPTION (LIFFE) (*3261) £10 per full index point

[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1992 based on Friday December 10 1993

Gold Mines Index	+288.07	Transport	+25.43	FT-SE 100	+14.57
Property	+81.44	Motors	+25.30	Hotels & Leisure	+13.83
Merchant Banks	+68.93	FT-SE Mid 250 ex I.T.	+25.11	Conglomerates	+13.19
Engineering-Aerospace	+60.61	Engineering-General	+23.82	"500" Share Index	+12.38
Metals & Metal Forming	+59.77	Telephone Networks	+23.78	Industrial Group	+11.39
Banks	+53.71	Water	+21.48	Insurance Brokers	+10.61
Building Materials	+51.28	Insurance (Life)	+21.00	Chemicals	+9.60
Electricity	+49.59	Other Groups	+20.72	Business Services	+8.90
Financial Group	+46.49	Stores	+20.46	Other Industrials	+7.70
Contracting, Construction	+46.39	Oil & Gas	+20.23	Textiles	+7.64
Investment Trusts	+35.99	Packaging, Paper & Prtg	+17.71	Food Manufacturing	+4.59
FT-SE SmallCap	+30.29	FT-A All-Share	+17.54	Consumer Group	+0.15
Media	+29.69	Insurance (Composite)	+17.39	Brewers & Distillers	-2.75
FT-SE SmallCap ex I.T.	+27.48	FT-SE-A 350	+16.69	Health & Household	-16.73
Capital Goods	+25.94	Electricals	+16.23	Food Retailing	-23.86
FT-SE Mid 250	+25.79	Electronics	+15.88		

FT-SE Actuaries Share Indices — The UK Series

	Dec 10	Day's chge%	Dec 9	Dec 8	Dec 7	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1993 High		1993 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3261.3	-0.3	3271.6	3277.4	3237.3	2718.2	3.62	5.39	22.86	90.06	1181.10	3277.4	8/12	2737.6	19/1	3277.4	8/12/93	986.9	23/7/84
FT-SE Mid 250	3601.3	+0.1	3596.2	3589.9	3568.0	2862.0	3.39	5.58	21.82	92.44	1304.16	3601.3	10/12	2878.3	13/1	3601.3	10/12/93	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3597.0	+0.1	3583.6	3588.8	3567.9	2672.4	3.60	5.88	20.51	95.02	1298.34	3597.0	10/12	2874.8	1/1	3597.0	10/12/93	1378.3	21/1/86
FT-SE-A 350	1623.2	-0.2	1626.6	1628.3	1610.8	1318.0	3.57	5.43	22.89	44.12	1214.50	1628.2	8/12	1348.7	19/1	1628.3	8/12/93	664.5	14/1/86
FT-SE SmallCap	1776.56	+0.1	1773.37	1772.70	1771.97	-	3.09	4.03	33.19	41.34	1349.36	1805.69	29/10	1377.88	4/1	1805.69	29/10/93	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1738.67	-0.1	1740.71	1740.80	1742.42	-	3.33	4.56	30.18	43.72	1318.64	1769.35	22/10	1380.06	4/1	1769.35	22/10/93	1363.79	31/12/92
FT-A ALL-SHARE	1603.06	-0.2	1606.20	1607.58	1591.07	1293.13	3.54	5.34	23.13	43.22	1220.79	1607.58	8/12	1330.19	19/1	1607.58	8/12/93	61.92	13/12/74

FT-Actuaries All-Share

	Dec 10	Day's chge%	Dec 9	Dec 8	Dec 7	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1993 High		1993 Low		Since Compilation High		Since Compilation Low	
1 CAPITAL GOODS(214)	1102.20	+0.2	1099.52	1099.79	1080.22	802.48	3.82	3.98	32.46	31.18	1309.28	1102.20	10/12	869.89	13/1	1102.20	10/12/93	50.71	13/12/74
[illegible]																			
53 "500" SHARE INDEX(514)	1703.66	-0.2	1706.74	1708.73	1693.63	1437.35	3.52	5.96	20.47	46.51	1165.78	1708.73	8/12	1474.32	19/1	1708.73	8/12/93	63.49	13/12/74
61 FINANCIAL GROUP(91)	1287.75	-0.4	1293.45	1294.29	1271.73	832.88	3.38	3.10	47.08	34.64	1528.06	1294.29	8/12	868.79	13/1	1294.29	8/12/93	55.88	13/12/74
62 Banks(9)	1842.74	-1.6	1868.06	1872.54	1828.39	1138.71	2.95	3.61	37.38	45.27	1601.62	1872.54	8/12	1183.93	13/1	1872.54	8/12/93	62.44	12/12/74
65 Insurance (Life)(6)	2142.35	+0.4	2134.75	2156.91	2152.23	1620.73	4.29	4.47	28.12	73.50	1266.08	2238.04	1/12	1724.99	13/1	2238.04	1/12/93	44.88	2/1/75
66 Insurance (Composite)(7)	741.02	+2.2	725.30	715.38	703.30	607.79	4.55	‡	‡	28.54	1232.56	754.01	11/10	617.22	18/1	788.11	29/12/89	43.96	13/12/74
67 Insurance Brokers(10)	800.10	+0.8	853.69	851.86	843.41	715.30	4.49	4.86	30.04	30.01	1155.21	959.50	10/8	761.27	28/4	1399.56	17/7/87	65.86	16/12/74
68 Merchant Banks(6)	850.93	+0.3	853.05	849.67	846.70	462.22	2.75	6.78	18.08	18.79	1757.59	873.10	2/11	506.48	11/1	873.10	2/11/93	31.21	7/1/75
69 Property(30)	1167.04	—	1167.14	1168.34	1151.99	605.95	3.50	3.33	41.09	27.71	1886.14	1168.34	8/12	638.39	5/1	1388.87	5/9/89	56.01	20/4/65
70 Other Financial(23)	465.60	+0.1	464.99	465.44	463.38	273.81	3.45	5.41	24.30	11.81	1593.61	488.18	22/10	297.86	13/1	603.46	16/7/87	[illegible]	17/12/74
71 Investment Trusts(110)	1823.64	+0.7	1810.67	1799.06	1784.71	1258.67	2.25	1.81	55.21	31.94	1396.56	1823.64	10/12	1321.21	11/1	1823.64	10/12/93	71.12	13/12/74
99 FT-A ALL-SHARE(815)	1603.06	-0.2	1606.20	1607.58	1591.07	1293.13	3.54	5.34	23.13	43.22	1220.79	1607.58	8/12	1330.19	19/1	1607.58	8/12/93	61.92	13/12/74

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3266.0	3258.1	3267.2	3277.3	3278.0	3274.5	3274.1	3264.3	3261.2	3282.4	3254.9
FT-SE Mid 250	3596.3	3590.2	3592.7	3599.0	3603.5	3603.0	3603.2	3600.8	3600.9	3604.0	3590.1
FT-SE-A 350	1624.5	1620.8	1624.6	1629.1	1629.9	1628.5	1626.3	1624.3	1623.1	1631.6	1619.6

Time of FT-SE 100 High: 11.26am Low: 8.51am

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Construction	2075.7	2075.7	2080.2	2090.2	2107.8	2106.7	2106.7	2101.2	2096.5	2097.4	2074.7	+22.7
Health & H'hld	1099.5	1097.8	1099.1	1039.6	1089.3	1096.2	1087.6	1076.8	1074.9	1074.4	1095.0	-20.6
Water	1650.5	1646.5	1647.1	1650.6	1652.4	1651.1	1649.7	1647.7	1644.7	1644.7	1646.8	-2.1
Banks	2268.6	2252.8	2268.2	2274.0	2266.1	2268.2	2256.6	2252.8	2240.7	2239.8	2270.6	-30.8

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	Business Services	31/12/90	399.65	Telephone networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
FT-SE SmallCap	31/12/92	1363.79	Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
FT-SE Mid 250	31/12/85	1412.60	Engineering-Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Engineering-General	29/12/89	486.00	Other Groups	31/12/74	63.75	UK Gilts Indices	31/12/75	100.00
FT-SE-A 350	31/12/85	682.94	Water	29/12/89	1958.45	Industrial Group	31/12/70	128.20	Index-Linked	30/4/82	100.00
FT-SE 100	31/12/83	1000.00	Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs and Loans	31/12/77	100.00

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. CONSTITUENT CHANGES: ADDITION: Paul Investment Trust 'C' (71). Hammerson 'A' has been converted into Hammerson Ordinary n/v.

Lasmo rally on US news

A barrage of adverse press comment following the resignation of Lord Rees as chairman of Lasmo and the continued weakness in crude oil prices produced the expected sharp fall in Lasmo shares. However, this was countered late in the session by news that some US investors have continued to increase their holdings in the stock.

At their worst yesterday, Lasmo shares fell to 97p, easily their lowest level since January 1987, with institutions said to be baling out of the stock after strong indications that the final dividend, expected in March, would be cut, and with the market increasingly concerned at the poor performance of oil prices.

These languished below $14 a barrel yesterday as the oil market continued to react to the forecast by Sheikh Yamani, the former Saudi oil minister, that oil prices could fall below $10 a barrel in the new year.

However, a strong rally developed in Lasmo shares below the 100p mark, with sentiment given a big boost by news, issued just before the close of trading, that Capital Group, a California-based US investment company, had increased its stake in Lasmo to 4.67 per cent, or just over 35m shares. US investors have been strong buyers of Lasmo shares this year despite the oil company's well-publicised problems.

Phillips & Drew Fund Management has also been a strong supporter of the stock in recent months, increasing its stake in Lasmo to around 11 per cent by the end of November.

By the close Lasmo had rallied to end the session a net 5 off at 104p. Turnover totalled 13m shares.

Ladbroke rally

The recovery in Ladbroke shares continued, following denials that Mr Michael Hirst, the director whose share sale last week triggered a dramatic fall in the stock, had sold the remainder of his holding. Mr Hirst, who runs Ladbroke's Hilton hotel division, had around 150,000 shares left after selling just under half that amount last month.

That sale was accompanied by speculation that Mr Hirst would leave Ladbroke which was fuelled by admission that his position with the company was under review. Ladbroke yesterday denied that Mr Hirst had made any further disposals. The shares added 5½ to 161½p in brisk turnover of 7m.

There were suggestions in the leisure sector that Forte was considering putting its motorway service stations up for sale. Analysts estimate such a move could raise around £300m for the hotel group but most are dismissive, pointing out that Forte has recently invested heavily in French service stations. Forte shares advanced 2 to 248p.

The sale of 5.6m shares in Greenalls Group by Greenall family trusts rattled the drinks sector as questions were raised over the motives for the disposal. The move took the family interests down from around 12 to 9 per cent. The shares, sold at 396p, were placed with institutions by Cazenove at 400p. The stock retreated sharply on the news, but recovered as the company placated the market over the sale, closing 6 down at 409p.

Exceptionally heavy trades in Goal Petroleum hit the Seaq ticker in early trading, prompting some expectation that a large corporate move could be in the offing. Closer scrutiny showed that the deals, involving almost 39m shares traded at 30p a share reflected Norwich Union, the big insurance group, carrying out a bed and breakfast or tax-related trade involving its 29 per cent stake in the company. Goal settled a penny off at 51p.

The oil majors suffered from growing worries that US investors have been reducing their holdings. BP, roughly handled by the market in recent sessions as many of the big US investment banks have been offering stock in the company, fell a further 5¼ to 315p on turnover of 11m shares. Shell was resilient ending 2 cheaper at 693p on 4.7m traded.

Burmah Castrol closed 16 lower at 799p, after one broker cast doubts on the benefits to Burmah and highlighted the impact a a weak world steel market on Burmah's Foseco subsidiary.

The banks sector came in for a hammering as a leading marketmaker unloaded stock acquired in a programme trade on Thursday and Kleinwort Benson was said to have downgraded NatWest. Earlier this week, the sector had been one of the market's best performing areas, as a build up of institutional demand uncovered a series of big short positions on marketmakers' trading books. **Abbey** dropped 15 to 466p, Barclays 19 to 611p, Lloyds 20 to 621p and NatWest 21 to 594p.

Pharmaceuticals stocks were badly hit yesterday as US investment funds sold heavily in the afternoon. There was a transatlantic tussle over Glaxo with UK investors supporting the stock but losing out and seeing it fall 15 to 682p. SmithKline Beecham dropped 7 to 375p in the 'A's and Wellcome lost another 29 to 627p following investor concern over the company's top-selling anti-herpes treatment, Zovirax.

Television group **Yorkshire Tyne Tees** slipped 11 to 161p ahead of full-year figures next week. Analysts are looking for a loss of around £8.5m although one said: "The real worry is not the exact level of the loss but the implications of air-time sales prospects for the current year." There have been some suggestions that LWT might try and ward off the recent bid from Granada by forging a link with YTT. But the mechanics of a tie-up are complex and the market was happy to wait and see. LWT rose 7 to 592p and Granada lifted 12 to 496p.

Building group AMEC announced it had sold its stake of 10.6m shares in Trafford Park. The shares went to the market at 89.5p and were sold on at 90p. Trafford shares stayed steady at 96p, AMEC gained a penny to 117p.

An upgrade in Cadbury Schweppes by house broker Hoare Govett helped the shares gain 19 to 479p as other analysts prepared to do likewise in anticipation of a round of meetings with the company next week. Geest has also been visiting brokerage analysts and is in upbeat mood. The shares added 12 to 336p.

Powerscreen International climbed 11 to 283p after issuing a statement denying any knowledge as to why the shares had fallen so rapidly and refuting allegations of a tax probe.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Bakyrchik	350	+	13
Cadbury	489	+	19
Carlton Comms	879	+	16
Carrs Milling	144	+	16
Comm Union	653	+	16
Euro Disney	403	+	13
Eurotunnel	476	+	12
Perpetual	930	+	45
Powerscreen	283	+	11
Falls			
Andrews Sykes	68	–	14
Barclays	611	–	19
Booth Inds	43	–	6
Brown & Tawse	36	–	4
Celltech	217½	–	12½
Firth (GM)	13½	–	2½
Lloyds Bk	621	–	20
Shanks & McEwan	87	–	5
Triplex Lloyd	130	–	14
Wellcome	627	–	29

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (259)

BRITISH FUNDS (43) AMERICANS (3) General Electric, Varity. BANKS (4) Deutsche Bk., HSBC, HSBC HK, Ottomane. BREWERS (2) Eldridge Pope, Matthew Clark. BLDG MATLS (11) BPB, Baggeridge Brick, Blue Circle, Do 7¾pc Pf., Heywood Williams, Do Cv. Pf., Meyer Intl., Rugby, Sheffield Insins., Tarmac, Wolseley. BUSINESS SERVS (3) Adam & Harvey, Christie, Hunting, Wimpey. CHEMS (1) BTP. CONTG & CONSTRCN (4) Barratt Devlpt., Berkeley, Bryant, Prowting. ELECTRICALS (2) BICC Cap. 10¼pc Cv. '20, Sony. ELECTRICITY (4) East Midlands, London, Manweb, South Western. ELECTRONICS (4) Bowthorpe, Phonelink, Scumtrace, Vega. ENG GEN (4) BSS, Molins, Sykes, Widney. FOOD MANUF (3) Carr's Milling, Kalozi, Union Park. HEALTH & HSEHOLD (2) Amersham Intl., Mayborn. HOTELS & LEIS (2) Compass, Crockfords. INV TRUSTS (114) MEDIA (5) Carlton Comms., Do 6¾pc Pf., Central ITV, HTV, Quarto 6¾pc Pf., Reuters, Telegraph, Utd. Newspapers. MERCHANT BANKS (1) Kleinwort Benson. MTL & MTL FORMING (3) Glynwed, Manganese Bronze, Thyssen. MISC (2) Birkby, Heritage. MOTORS (6) [illegible] Lucas Wts., Trinity. OTHER FINCL (3) Aberdeen Tst., Perpetual, Swire Pac. A. OTHER INDLS (3) RJB, Whitecroft. PACKG, PAPER & PRINTG (4) API, Macfarlane, Somic, Wood (SW). PROP (8) STORES (2) Cantors, Storehouse. TEXTS (1) Helene. TRANSPORT (3) Dawsongroup, Forth Ports. WATER (3) Chesm A, Do B, Welsh. PLANTATIONS (2) Rowe Evans, Williams. MINES (1).

NEW LOWS (28)

BRITISH FUNDS (4) AMERICANS (1) General Hsg. BUSINESS SERVS (3) Business Post, [illegible] CONTG & CONSTRCN (2) Ancient Sykes, Dunston Tyson. ELECTRONICS (1) Radamec. ENG GEN (3) Booth Inds., Ransomes. FOOD MANUF (1) Yorkshire. HEALTH & HSEHOLD (5) [illegible] Hesmocell, Scholl, SmithKline Beecham A. INSCE BROKERS (1) Hogg. MTL & MTL FORMING (3) Johnson & Firth, Sycamore, Triplex Lloyd. MISC (1) Shanks & McEwan. OIL & GAS (3) Dragon Oil, LASMO, OTHER INDLS (1) Brown & Tawse. PACKG, PAPER & PRINTG (1) Unit. PROP (1) Dares Ests. STORES (1) Brown & Tawse.

Data based on those Companies quoted on the London Share Service.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The minimum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✦) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sun Life Trust Mngmt Ltd (1200)F

101, Cannon St, London EC4N 5AD

Admin & Enq: 071-606 4044. Dealing: 071-606 6010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Master Portfolio	5¼	47.88	47.88	[illegible]	[illegible]	[illegible]
Amer Growth Acc	5¼	80.27	80.27	84.46	+0.42	0.24
Cap Protector Acc	6¼	51.75	52.00	55.62	-0.44	0.00
Cap Protector Inc	6¼	42.88	43.10	45.92	+0.11	2.50
Euro Growth Acc	5¼	83.99	83.99	88.44	+0.08	2.50
Far East Grth Acc	5¼	152.40	152.40	162.60	-0.21	0.30
Japan Growth Acc	5¼	108.58	105.64	112.65	+2.48	0.00
UK Growth Acc	5¼	76.19	76.19	81.49	+1.94	0.00
UK Income Acc	5¼	77.96	77.95	82.37	+0.05	1.69
UK Income Inc	5¼	54.72	54.72	58.82	+0.08	2.82

Swiss Life Unit Tst Man Co Ltd (1200)F

Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex

Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Equity Dist	6½	541.20	555.20	587.50	-1.10	2.04
Equity Acc	6½	811.30	832.30	880.70	-0.20	2.04
Fixed Int Dist	6½	124.50	128.00	132.80	[illegible]	[illegible]
Fixed Int Acc	6½	324.30	332.50	345.80	[illegible]	[illegible]
UK Index Track Dist	6	131.80	134.30	142.10	[illegible]	[illegible]
UK Index Track Acc	6	149.40	152.10	160.90	—	2.70

TSB Unit Trusts (1200)F

Charlton Pl, Andover, Hants. SP10 1RE. 0264 346794

PDFM Unit Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Small Cos Dec 7	879.30	808.58	—	2.96
Do Accum	[illegible]	[illegible]	—	2.90
Intl Eqt Dec 8	272.82	277.57	—	1.87
UK Index Dec 7	[illegible]	[illegible]	—	3.09
World ex UK Index Dec 7	[illegible]	[illegible]	—	1.04
Japan Index Dec 7	695.92	708.47	—	0.89
Do Accum	704.80	711.40	—	0.89
USA Index Dec 7	[illegible]	[illegible]	—	2.47
Managed Exempt Dec 9	153.94	155.97	—	3.54
Do Accum	155.27	157.31	—	3.54
Index-Lkd Gilt Ex Dec 9	101.91	102.82	—	2.19

Rothschild Asset Management

	Bid Price	Offer Price	+ or -	Yield Grs
NC Property	144.84		—	—

J. Rothschild Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Intl Exempt Accum	199.2	201.6	+0.40	4.07

Stewart Ivory & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Select PPP Nov 12	406.6	427.9	—	—

Closed to new business

Thornton Unit Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Managed Exempt Nov 30	131.27	137.06	—	2.66
(Accum Units)	146.05	153.18	—	2.66

INSURANCES

OTHER UK UNIT TRUSTS

[illegible]

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Royal Heritage Life Assurance Ltd

Scottish Provident Group - Contd.

Swiss Life (UK) PLC

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$11.083	11.665	—	0.0
Hong Kong	$43.218	45.494	—	0.0
Indonesia	$14.370	15.136	—	0.0
Japan	[illegible]	9.576	—	0.0
Korea	$12.677	13.344	—	0.0
Malaysia	$30.625	32.237	—	0.0
Philippines	$25.762	27.107	—	0.0
Singapore	$17.545	18.468	—	0.0
Thailand	$35.059	36.904	—	0.0
South East Asia	$38.880	40.927	—	0.0
US Dollar Liquidity	$9.500	9.975	+0.001	0.4
Cater Allen Investment Management (CI)				
CA Gilt Income	26.10	6.38	—	15.07
CA Equity Growth	24.94	6.40	—	3.04
Citibank (CI) Ltd "Citifunds"				
Short term Investment Funds				
Irish-E Dec 9	140.9450		+0.350	—
Equity Funds				
Japan Equity Dec 9	56.7080		-0.235	—
US Fin Hlgs Dec 13	$21.6017		+0.091	—
US Emg Tech Dec 13	$28.9651		+0.171	—
Chicago Dec 13	$33.1865		+0.141	—
Bond Funds				
HYB (N) Dec 13	$91759.8300		+840.784	—
Special Assets (N) Dec 1	FFr11601.3180		+104.211	—
Citibank N.A.				
Libra 2000 Oct 31	$134.97		[illegible]	

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Dec10 / US$)
(3 pm)

CANADA (Dec10 / Can. $)
(3 pm)

EUROPE

AUSTRIA (Dec10 / Sch)

BELGIUM/LUXEMBOURG (Dec10 / Frs.)

DENMARK (Dec10 / Kr)

FINLAND (Dec10 / Mkk)

FRANCE (Dec10 / Frs.)

GERMANY (Dec10 / Dm.)

ITALY (Dec10 / Lire)

NETHERLANDS (Dec10 / Fls.)

NORWAY (Dec10 / Kroner)

SPAIN (Dec10 / Pta.)

SWEDEN (Dec10 / Kronor)

SWITZERLAND (Dec10 / Frs.)

AFRICA

SOUTH AFRICA (Dec10 / Rand)

PACIFIC

JAPAN (Dec10 / Yen)

AUSTRALIA (Dec10 / Aust$)

HONG KONG (Dec10 / H.K.$)

MALAYSIA (Dec10 / MYR)

SINGAPORE (Dec10 / S$)

INDICES

	Dec 10	Dec 9	Dec 8	1993 High		1993 Low	
Argentina							
General (29/12/77)	(u)	18442.3	(c)	18442.30	10/12	12167.86	8/3
Australia							
All Ordinaries(1/1/80)	2084.9	2096.7	2098.0	2132.40	1/11	[illegible]	13/1
All Mining(1/1/80)	948.1	951.4	931.5	951.40	9/12	684.70	13/1
Austria							
Credit Aktien(30/12/84)	422.22	422.73	(c)	424.59	2/11	300.28	14/1
Traded Index(3/1/91)	1095.75	1096.62	(c)	1096.62	9/12	[illegible]	15/1
Belgium							
BEL20 (1/1/91)	1428.78	1432.11†	1433.77	1439.42	6/12	1126.46	4/1
Brazil							
Bovespa (29/12/83)	(u)	28480.0	29116.0	97300.00	25/8	714.72	4/1
Canada							
Metals Minis♦(1975)	(u)	3483.08	3515.57	3515.57	8/12	2743.31	21/1
Composite♦ (1975)	(u)	4290.60	4307.70	4307.70	8/12	3275.80	21/1
PortfolioSS (4/1/83)	(u)	2054.56	2059.53	2059.53	8/12	1720.87	21/1
Chile							
IPGA Gen (31/12/80)	(u)	3394.6	(c)	3394.60	10/12	2812.69	10/5
Denmark							
CopenhagenSE(3/1/83)	362.52	363.18	360.24	365.14	4/11	281.90	4/1
Finland							
HEX General(28/12/90)	1590.0	1566.9	1567.5	1607.30	3/11	843.10	22/1
France							
CAC General(31/12/81)	-	-	-	609.73	26/10	471.24	13/1
CAC 40(31/12/87)	2198.13	2211.40	2205.31	2231.86	22/10	1772.21	29/1
Germany							
FAZ Aktien(31/12/58)	826.26	827.94	823.23	827.94	9/12	598.92	14/1
Commerzbank(1/12/53)	2365.3	2372.4	2357.5	2372.40	9/12	1694.30	14/1
DAX (30/12/87)	2161.13	2175.80	2148.13	2175.80	9/12	1516.50	13/1
Greece							
Athens SE(31/12/80)	912.43	907.92	911.54	944.44	13/8	667.72	5/1
Hong Kong							
Heng Seng(31/7/64)	10228.11	9990.26	9750.23	10228.11	10/12	5437.80	4/1
India							
BSE Sens.(1979)	3401.9	3338.5	3310.2	3401.90	10/12	2100.67	23/4
Indonesia							
Jakarta Comp.(10/8/82)	528.46	525.32	523.32	536.46	22/11	273.31	5/1
Ireland							
ISEQ Overall(4/1/88)	1822.93	1814.37	1807.42	1849.27	3/11	1191.18	11/1
Italy							
Banca Comm Ital (1972)	583.11	584.27	(c)	632.88	30/8	446.33	6/1
MIB General (4/1/93)	1281.0	1284.0	(c)	1390.00	30/8	[illegible]	11/1
Japan							
Nikkei 225 (16/5/49)	17237.43	17061.91	16507.95	21148.11	13/9	16078.71	29/11
Nikkei 300 (1/10/82)	270.32	267.18	259.21	306.84	10/11	249.64	29/11
Topix (4/1/68)	1458.71	1437.74	1396.54	1698.67	3/9	1290.06	25/1
2nd Section (4/1/68)	1674.41	1653.39	1639.04	2384.97	7/6	1651.72	26/1
Malaysia							
KLSE Comp.(4/4/86)	1075.85	1067.34	1060.79	1075.85	10/12	614.28	13/1
Mexico							
IPC (Nov 1978)	(u)	(u)	2433.27	2433.27	9/12	1594.18	25/2
Netherland							
CBS TtlRtnGen(End 83)	407.6	417.8	420.8	420.80	8/12	285.70	4/1
CBS All Shr (End 83)	270.7	270.7	272.7	272.70	8/12	186.60	13/1
New Zealand							
Cap. 40 (1/7/86)	2103.97	2108.53	2097.26	2203.89	2/11	1495.37	21/1
Norway							
Oslo SE(Ind)(2/1/83)	996.24	1000.88	988.77	1038.73	18/11	688.93	27/1
Philippines							
Manila Comp (2/1/85)	2513.29	2510.62	2518.92	2818.92	8/12	1270.66	4/1
Portugal							
BTA (1977)	2566.5	2549.8	(c)	2589.00	9/9	1609.20	14/1
Singapore							
SES All-S'pore(2/4/75)	580.46	576.09	580.51	680.46	10/12	384.10	13/1
South Africa							
JSE Gold (28/9/78)	2050.0♥	2064.0	1890.0	2089.00	30/7	775.00	5/1
JSE Indl. (28/9/78)	5057.0♥	5072.0	5025.0	5072.00	9/12	4333.00	19/4
South Korea							
KoreaCmpEx(4/1/80)**	861.72	843.95	836.71	861.72	10/12	606.65	6/3
Spain							
Madrid SE (30/12/85)	308.06	308.09	(c)	310.28	22/10	215.60	4/1
Sweden							
AffarsvarldnGen (1/2/37)	1350.6	1360.4	1358.2	1425.10	4/11	878.10	28/1
Switzerland							
Swiss Bk Ind (31/12/58)	1248.73	1244.94	1237.36	1248.73	10/12	904.80	11/1
SBC General (1/4/87)	976.40	975.01	970.62	976.40	10/12	678.70	11/1
Taiwan							
WeightedPr.(30/6/66)**	4644.03	4680.26	4692.11	5013.28	7/4	3098.43	9/1
Thailand							
Bangkok SET (30/4/75)	(c)	1480.63	1436.92	1480.63	9/12	818.84	1/6
Turkey							
Istanbul Cmp.(Jan 1986)	17591.9	17826.7	17935.6	18977.10	30/11	3955.53	1/1
WORLD							
MS Capital Int (1/1/70)§	593.8*	591.8	587.7	607.10	15/10	488.60	13/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1415.61	1416.88	1416.22	1418.86	9/12	1063.02	13/1
Euro Top-100 (26/6/90)	1181.31	1189.00	1185.25	1189.00	9/12	862.73	13/1
JCapelDrgns (31/12/88)	(u)	329.49	323.04	329.49	10/12	189.92	4/1
Barings Emerg.(7/1/92)	151.79	151.89	150.66	151.89	9/12	99.81	4/2

** Sat Dec 4: Taiwan Weighted Price 4608.73; Korea Comp Ex 821.59. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ♥ Subject to official recalculation.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open int.
Dec	2217.0	2213.0	-11.0	2226.0	2209.0	26,664	48,241
Jan	2229.5	2224.5	-11.0	2236.5	2223.5	4,486	5,999
Feb	2241.0	2236.5	-11.0	2241.0	2241.0	1	150
Mar	2253.0	2248.0	-11.0	2259.0	2245.5	4,080	14,089

Open interest figures for previous day

US INDICES

Dow Jones	Dec 9	Dec 8	Dec 7	1993 High	1993 Low	Since compilation High	Since compilation Low
Industrials	3729.78	3734.53	3718.88	3734.53 (8/12)	3241.95 (20/1)	3734.53 (8/12/93)	41.22 (2/7/32)
Home Bonds	111.02	110.89	110.84	111.02 (9/12)	103.49 (11/1)	111.02 (9/12/93)	54.99 (1/10/81)
Transport	1766.54	1767.46	1788.70	1770.67 (2/12)	1453.84 (4/1)	1770.67 (2/12/93)	12.32 (8/7/32)
Utilities	224.95	228.14	227.82	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3764.43 (3756.80) Low 3709.94 (3693.73) (Theoretical♦)
Day's high 3748.78 (3734.81) Low 3726.86 (3716.08) (Actual♦)

Standard and Poors	Dec 9	Dec 8	Dec 7	1993 High	1993 Low	Since compilation High	Since compilation Low
Composite ‡	464.18	466.29	466.76	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	536.35	538.82	538.91	540.25 (16/11)	496.48 (26/4)	540.25 (16/11/93)	3.62 (21/6/32)
Financial	44.48	44.88	44.64	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	257.00	257.97	257.98	260.48 (15/10)	238.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amer Mkt Val	467.31	468.87	476.40	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	781.49	787.89	789.36	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

■ RATIOS

	Dec 3	Nov 26	Nov 19	Year ago
Dow Jones Ind. Div. Yield	2.70	2.71	2.71	[illegible]
	Dec 8	Dec 1	Nov 24	Year ago
S & P Ind. Div. yield	2.39	2.41	2.40	2.65
S & P Ind. P/E ratio	27.41	27.08	27.14	27.71

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	-	464.40	-	-	-	39,284	103,644
Mar	465.40	465.60	+0.25	465.85	464.10	465.05	101,211
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Hanson	(u)	19¾	+⅛
Telefonos	5,437,000	60⅝	-⅜
Natl Semi	3,850,500	14⅞	-½
Paramount	3,414,900	81⅞	+2⅝
Gen Motors	3,448,900	56	+¾
Merck	3,178,300	33⅞	-⅜
Brit Airways	2,870,200	65¾	-1⅛
Pepsico	2,175,000	41½	+⅜
Ford Motor	2,149,600	63¾	+½
Circ City	2,042,600	23⅝	-2

■ TRADING ACTIVITY

● Volume (million)

	Dec 9	Dec 8	Dec 7
New York SE	276.679	304.256	270.981
Amex	18.410	20.396	15.780
NASDAQ	(u)	293.436	298.838
NYSE			
Issues Traded	2,896	2,891	2,688
Rises	877	1,048	1,049
Falls	1,152	991	986
Unchanged	867	852	863
New Highs	99	90	82
New Lows	35	22	27

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

WORLD STOCK MARKETS

AMERICA

Dow ebbs on tame retail prices report

Wall Street

US stocks ebbed yesterday morning after a tame report on retail prices and evidence of growing consumer confidence failed to break the market's flat mood, *writes Frank McGurty in New York.*

At 1 pm, the Dow Jones Industrial Average was 0.84 lower at 3,728.94, while the more broadly based Standard & Poor's 500 was off 0.48 at 463.70.

In the secondary markets, the American SE composite shed 1.81 to 465.50, and the Nasdaq composite was down 1.78 at 759.71.

Activity on the NYSE was moderate, with 142m shares traded by 1 pm.

After a disappointing finish on Thursday, the market opened on a positive note, pleased to find no surprises in November's consumer price index.

Earlier, the Labour Department reported a 0.2 per cent rise in consumer prices last month, or 2.5 per cent at a compound annual rate. The core index – which excludes the more erratic energy and food components – was up 0.3 per cent, as expected.

But even though the data matched forecasts, the US Treasury market was not satisfied. Bonds barely touched positive territory before prices began to drift lower in mid-morning. The release of the University of Michigan's reading on consumer sentiment in early December further dampened the mood.

With the index rising to 81.7 from 81.2 in November, suggesting a greater willingness by consumers to spend, the inflation-sensitive 30-year government bond was trading ⅛ down at 101⅛ at midday, to yield 6.162 per cent.

For equities, any cheer to be gained from the survey was mitigated by the downturn in bonds. Most indices hovered at slightly lower levels, while the Dow industrials dipped into negative territory at midday, after holding on to slim gains most of the morning.

Among individual issues, Chrysler was a rare bright spot. The stock climbed $2 to $55 after Salomon Brothers raised its earnings estimate for the company. Ford added $¼ to $63⅞ but General Motors slipped $¾ to $55⅞.

Borden was marked up $⅝ at $18⅝ after its chief executive resigned amid criticism of his efforts to turn around the food products concern.

IBM advanced after Dean Witter Reynolds said stronger than expected sales would lift its fourth-quarter profit. The stock gained $1⅛ to $54⅞.

Oil issues were in demand with January crude oil futures up 14 cents a barrel on the Nymex. Chevron climbed $1 to $87, Texaco $⅞ to $63⅞, Amoco $⅞ to $52¼, and Exxon $⅝ to $62⅞.

On the Nasdaq, where share prices were lower for a fifth straight session, trading was listless. In the hard-hit technology sector, Apple shed $⅜ to $29¼ and Intel lost $⅝ to $57⅞, but Microsoft was $¼ higher at $81⅞.

Canada

TORONTO remained weak at midday as investors continued to take profits.

The TSE 300 index eased 6.61 to 4,284.02 in turnover of 27.9m shares. Declines led advances by 307 to 221 with 338 unchanged.

Of Toronto's 14 sub-sectors, nine lost ground. Transportation fell 106.32 or 2.58 per cent, to 4,091.33. The heavily-weighted Laidlaw class B shares fell C$⅝ to C$9¼ while its class A shares dropped C$¾ to C$9⅞.

On Thursday, Laidlaw said that the US Internal Revenue Service's US$90m claim in unpaid back taxes would not affect the company's financial results.

Tokyo preoccupied by economy and politics

Emiko Terazono on prospects for Japanese equities

Uncertainty over the ability of the Japanese prime minister, Mr Morihiro Hosokawa, to resolve mounting political and economic issues has kept investors away from the Tokyo stock market in spite of low long-term yields and falling money market rates.

Political developments have preoccupied investors as the government's decision to open the rice market and the passage of the political reform bill have become crucial issues, alongside government-mooted additional fiscal measures to prop up the sagging economy.

Mr Hosokawa is currently trying to juggle these issues. However, last week's plunge in the Nikkei index to a year's low of 16,078.71, wiping out the market's local currency gains for the year, has unnerved government officials. It has forced them to turn more of their attention to the economy, and prompted cabinet members to pledge support for share prices through economic stimulus.

Analysts point out that an income tax cut, designed to lift sluggish consumption, is already discounted into share prices. Ms Tomoko Fujii, economist at Salomon Brothers in Tokyo, says that the chances of a market plunge are high if the government fails to announce an income tax cut of around Y5,000bn-Y6,000bn soon.

However, the income tax cuts are expected to form part of an overall tax reform package. Mr Hosokawa will need to twist the arms of bureaucrats at the ministry of finance, which is staunchly insisting that a tax cut be coupled with a consumption tax hike to maintain fiscal soundness.

The prime minister does not have time on his side. He still needs to push political reform through parliament during the current session. If he fails to implement reform, the cabinet is likely to resign, followed by a lower house election, causing a delay in the implementation of economic measures.

Meanwhile, some investors point out that even if additional stimuli are announced, their implementation will take time. "The underlying fundamentals won't change in a short term," says a fund manager at Nippon Life, the country's largest life insurer. However, he says that the company is ready to bargain hunt shares around the 16,000 level.

Pessimism over the economy is increasing. Nomura Research Institute, the research arm of Nomura Securities recently announced that the economy would contract by 0.4 per cent in the next business year. The NRI forecast presumes that the government will introduce another economic stimulus package and an income tax cut, and that the official discount rate will be reduced from the present record low of 1.75 per cent to 1 per cent.

Japan

Source: Datastream

Concerns over the country's labour market are also heightening as unemployment is rising and the number of job offers are falling. Unemployment in October rose to 2.7 per cent, a six-year high, while the ratio of job offers to job seekers fell to a six-year low of 0.67, or 67 jobs for 100 seekers.

And while the July-September quarter gross domestic product grew 0.5 per cent from the preceding three months, economists attribute the growth to last minute output by companies and aggressive discounts by retailers ahead of the half year book closing.

Most market participants hope that trading will fluctuate around the 17,000 level for the rest of this year. However, the new year may see increased liquidation of stock holdings by companies ahead of the March book closing. Mr Yasuo Ueki at Nikko Securities says that companies have already sold some Y1,900bn worth of shares this year, and are potential sellers of another Y1,000bn.

Banks, which still need to write off mounting bad loans are also expected to continue to realise profits on their long term holdings.

Many brokers hope that a declining trend in the yen will support export oriented high-technology stocks, whose weakness this year has reflected sharp falls in profits, due to sluggish consumer confidence and foreign exchange losses. "The trading cycle points to electronic stocks," says Mr Ueki at Nikko.

Some institutional investors, especially life insurers, which have low exposure to equities, are looking for higher yielding investments. Many shifted into the bond market at the start of the year, and total investments in bonds rose by 42 per cent in the year to June, accounting for almost half of their net cash flow.

Most investors hope that the government will deliver a boost to share prices eventually, and that public insurance and postal funds will come in to buy shares as they did during the first half of this year.

While purchases by public funds have evaporated since the flotation of East Japan Railway in October, weakness in equities ahead of the March year end book closing of their books might bring government influence to bear.

Meanwhile, some analysts take comfort in a traditional approach. Mr Geoffrey Barker, an economist at Baring Securities in Tokyo, points out that stock markets tend to be strong during the first four months of the year. "Investors come in at the start of the year with a determination to make money," he explains.

EUROPE

Senior bourses settle for gentle profit-taking

After notching up a big midweek contribution to their year-end rally, bourses settled for gentle profit-taking yesterday, *writes Our Markets Staff.*

FRANKFURT incorporated Thursday's post-bourse losses to close with the DAX index 14.67 lower at 2,161.13, still 1.9 per cent higher on the week.

Traders said that the downside yesterday was limited by firmer futures prices, the December DAX futures contract rising 8.0 to 2,170.5.

Turnover fell from DM11.8bn to DM9.1bn. Falls of around 1 per cent were commonplace, but in engineering and steels, Deutsche Babcock, Thyssen and Krupp-Hoesch gained on chart technical factors and small buy orders, rising DM3.20 to DM231.80, DM5.50 to DM259.50 and DM6.50 to DM159 respectively.

Metallgesellschaft closed another DM28 lower at DM323, a week's loss of DM69.50 or 17.7 per cent. This followed reports that it had to secure additional credit lines after having to pay large margin payments for its hedge positions on petroleum contracts; the group has also passed its 1993 dividend, and announced a number of asset sales this week.

FT-SE Actuaries Share Indices

Dec 10							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1415.55	1416.23	1417.44	1418.33	1417.57	1417.29	1416.09	1415.61
FT-SE Eurotrack 200	1481.74	1482.84	1484.53	1486.58	1484.13	1483.67	1480.58	1479.77

	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 3
FT-SE Eurotrack 100	1418.66	1418.22	1398.50	1397.37	1387.12
FT-SE Eurotrack 200	1482.79	1483.16	1487.49	1468.43	1464.15

Base value 1000 (26/10/90) Highday: 100 - 1418.29; 200 - 1488.81 Lowday: 100 - 1415.08 200 - 1479.86.

PARIS saw the CAC-40 index end 13.27 lower at 2,198.13, up 0.4 per cent on the week in turnover of FFr3.75bn, gains attracting more comment than losses.

Rhone Poulenc rose FFr2 to FFr152.10 in 2.3m shares on good fundamentals, and on buying from institutions which wanted to top up packets of shares they received during the company's privatisation.

Eurotunnel put on FFr1.25 to FFr42.10, its followers reassured that the Channel tunnel would come into operation after the handing over of the tunnel by builders yesterday.

Lyonnaise des Eaux-Dumez lost FFr8 at FFr532 on rumours of a sizeable share placing, denied by the company.

AMSTERDAM's early advance was wiped out, the CBS Tendency index ending 0.4 lower at 140.0, 0.7 per cent higher on the week.

Shares in tank storage companies were hit by a report that the Netherlands was moving more than a third of its strategic oil reserves from Rotterdam port to German salt caves.

Van Ommeren shed Fl 1.70 to Fl 41.50 in spite of a denial that it would be affected because it did not store crude oil, the only type to be stored in the German caves. Pakhoed fell Fl 1.20 to Fl 47.60.

Financial stocks were firm on hopes of lower interest rates. Aegon gained Fl 1.40 to Fl 105.30, ING rose 50 cents to Fl 89.30 and Amev climbed 60 cents to Fl 87.50.

A Fl 2.70 or 6 per cent rise to Fl 47.50 in Begemann, the engineering company, was attributed to favourable press comment on its recent restructuring.

ZURICH extended its gains with the SMI index up 2.8 to 2,861.2, up 1.5 per cent on a week in which records were set on every day but Tuesday.

The annual monetary statement from the Swiss National Bank held no surprises: the bank said it was adhering to its medium-term target of 1 per cent growth in money supply.

Nestlé rose SFr4 to SFr1,250 as Credit Suisse said the share, still a market underperformer, could climb as far as SFr1,480.

Ascom, the troubled telecommunications group, shed SFr40 to SFr1,130: the shares surged SFr90 on Thursday ahead of the announcement that the chief executive, Mr Leonardo Vannotti, had resigned and the company was being reorganised into three divisions.

MILAN paused after its recent gains. The Comit index dipped 1.16 to 583.11, still 6.1 per cent higher on the week. Turnover was reported to have dropped sharply from Thursday's heavy L800m.

A L99 rise to L8,328 in Rinascente was attributed to a reassessment of the outlook for the stock: a public buy offer for 33 per cent of the company by Ifil ended last month and two new shareholders have emerged, Arab Banking Corporation with 9 per cent and Pictet, the Swiss bank, with 3 per cent.

Among heavily traded blue chips, Sip was L37 lower at L3,351 and Stet lost L30 to L3,919.

Credito Italiano slipped L47 to L2,388 after this week's successful privatisation offer.

STOCKHOLM was hit by American selling, the Affärsvärlden General index closing 9.80 lower at 1,350.60, 1.1 per cent up on the week with Ericsson B another SKr11 lower at SKr320. In HELSINKI, Nokia reflected the Ericsson drop with a FM16 fall of its own to FM286 as the Hex index lost 16.9 at 1,550.0, 0.4 per cent better on the week.

Written and edited by William Cochrane and Michael Morgan.

SOUTH AFRICA

Foreign buyers came in after some local profit-taking, but equities still closed slightly down from the previous day's record highs. Golds were 14 lower at 2,050, industrials fell 15 to 5,057 and the over all index lost 23 at 4,468.

ASIA PACIFIC

Hopes of cut in discount rate help Nikkei

Tokyo

Hopes of an imminent cut in the official discount rate prompted short covering in the futures market; share prices gained ground, led by a rise in the electronics sector, *writes Emiko Terazono in Tokyo.*

The Nikkei index rose 195.52 to 17,257.43, down 1.2 per cent on the week. The Topix index of all first section stocks rose 18.97 to 1,456.71 and, in London, the ISE/Nikkei 50 index rose 1.89 to 1,190.06.

Following the fixing of the settlement price for December stock futures and options contracts, the index fell to a low of 16,786.68 in the morning session. However, index-linked buying by investment trust funds supported prices and the index hit a high of 17,534.85 in the afternoon.

The afternoon release of the tankan, the Bank of Japan's quarterly report on business sentiment held little in the way of surprises for investors, and failed to affect trading in the afternoon.

But market participants were encouraged by a strengthening of the dollar against the yen, prompted by expectations of lower Japanese interest rates. The dollar closed up Y0.33 at Y108.98.

Volume surged to 800m shares from 230m on trading linked to the futures and options settlements. Gainers led losers by 804 to 282, with 106 unchanged.

Foreign investors were seen buying high-tech exporters. Sony jumped Y170 to a year's high of Y5,200 while Aiwa also rose Y20 to a new year's high of Y1,820.

Heavy electricals were also strong on active trading. Toshiba rose Y5 to Y673 while Hitachi gained Y24 to Y810. Automakers gained ground, with Suzuki Motor up Y38 to Y1,020 and Honda Motor rising Y60 to Y1,430.

Some retailers were lower on fears of a further deterioration in consumer confidence. Aoyama Trading fell Y890 to Y6,720.

In Osaka, the OSE average rose 345.43 to 19,254.78 in volume of 27.2m shares.

Roundup

More powerful performances were seen in the Pacific Rim. Bangkok was closed.

HONG KONG ended stronger after a day of hectic trading as heavy institutional demand sent the Hang Seng index to a record finish, up 237.85 or 2.4 per cent at 10,228.11, for a 10.0 per cent rise on the week.

Trade was dominated by foreign funds, which have sent the main index to close at a record for four consecutive days. A round of profit-taking trimmed gains soon after the Hang Seng touched an intraday high of 10,268.16.

Turnover saw a new peak, at HK$11.94bn against its previous record of HK$11.17bn set on November 1 and compared with an adjusted HK$10.02bn on Thursday.

SINGAPORE surged 2.5 per cent to an record high, powered by speculative buying, coupled with selective institutional support for blue chips ahead of the year-end.

The Straits Times Industrial index rose 54.08 to a third consecutive peak of 3,220.40 for a 3.2 per cent rise on the week.

MANILA closed at a record high, the market index finishing 2.67 ahead at 2,513.29, and 3.3 per cent higher on the week.

SEOUL remained at a record high although low-priced shares lost momentum. The composite stock index added 17.77 or 2.11 per cent to 861.72 from the previous year high recorded three weeks ago. The market advanced 6.8 per cent over the week.

BOMBAY moved ahead in spite of higher than expected carry forward costs being fixed by the stock exchange. The BSE 30-share index closed 73.52 higher at a year's high of 3,401.90, for a 5.5 per cent rise on the week.

KUALA LUMPUR remained firm on the back of speculative and foreign buying, with the composite index advancing 8.51 to a new closing high of 1,075.85, 5.1 per cent up on the week.

AUSTRALIA drifted lower as a lack of foreign direction triggered modest profit-taking. The All Ordinaries index ended 10.8 lower at 2,084.9 in turnover of A$788.4m, still 1.8 per cent higher on the week.

TAIWAN ended broadly lower on profit-taking after the recent sharp gains, the weighted index shedding 36.23 to 4,644.03 in turnover that slid to T$43.2bn from Thursday's T$58.76bn. The market rose 0.8 per cent over the week.

Sentiment was cautious on newspaper reports that the finance ministry would finalise a proposal to reintroduce the stock capital gains tax later this month.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY DECEMBER 9 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY DECEMBER 8 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (69)	159.61	-0.1	158.13	109.55	141.44	157.60	-0.2	3.27	159.75	158.42	109.66	141.61	157.88	162.83	117.39	121.17
Austria (17)	182.98	+1.6	181.38	125.66	162.23	161.92	+1.5	0.99	180.16	178.67	123.68	159.70	159.47	184.47	131.16	139.29
Belgium (42)	160.40	-0.6	159.02	110.16	142.23	141.22	-0.1	4.07	161.29	159.95	110.72	142.97	141.41	161.29	131.19	136.45
Canada (107)	135.02	-0.5	133.85	92.72	119.71	129.49	-0.4	2.59	135.71	134.58	93.16	120.29	130.01	135.71	111.41	113.84
Denmark (32)	241.17	+1.0	239.09	165.64	213.84	219.11	+1.1	1.04	238.69	236.70	163.85	211.58	216.77	241.17	185.11	195.18
Finland (23)	124.49	-0.1	123.35	85.46	110.38	148.71	-0.2	0.70	124.50	123.47	85.47	110.36	148.95	128.99	65.50	75.28
France (98)	172.02	+0.3	170.53	118.13	152.51	157.65	+0.3	2.95	171.56	170.13	117.76	152.05	157.15	173.05	142.72	145.29
Germany (60)	138.36	+1.1	137.17	95.04	122.68	122.68	+1.1	1.88	136.86	135.74	93.98	121.33	121.33	138.36	101.59	104.12
Hong Kong (55)	408.39	+2.5	404.87	280.48	362.13	404.93	+2.5	2.69	398.45	395.14	273.62	353.21	395.07	408.39	218.82	210.44
Ireland (14)	177.05	+0.2	175.53	121.60	156.99	178.31	+0.3	3.21	176.63	175.16	121.25	156.57	175.78	179.19	129.26	130.85
Italy (70)	66.99	+1.7	66.41	46.01	59.40	89.95	+2.2	1.99	65.84	65.30	45.20	58.36	92.12	78.93	53.78	54.27
Japan (469)	133.78	+2.9	132.63	91.88	118.64	91.88	+3.0	0.89	129.97	128.89	89.22	115.22	89.22	165.91	100.75	107.92
Malaysia (69)	521.22	+0.8	516.73	357.96	462.15	512.29	+0.8	1.37	516.85	512.56	354.79	458.14	508.19	521.22	251.66	268.28
Mexico (19)	2248.30	+2.0	2228.99	1544.12	1993.54	7881.40	+2.0	0.65	2203.14	2184.86	1512.41	1952.93	7479.33	2248.30	1410.30	1628.56
Netherland (26)	195.17	-0.9	193.49	134.04	173.06	169.96	-0.9	3.12	196.89	195.25	135.16	174.58	171.45	197.07	150.39	154.79
New Zealand (14)	64.48	+0.6	63.91	44.28	57.16	61.62	+0.5	3.61	64.10	63.56	44.00	56.82	61.33	68.38	40.56	42.12
Norway (23)	172.15	+1.1	170.67	118.24	152.65	173.15	+1.3	1.47	170.33	168.92	116.93	150.99	170.81	185.10	137.71	154.14
Singapore (39)	326.73	+0.8	323.91	224.40	289.71	240.61	+0.8	1.33	324.29	321.60	222.62	287.46	238.74	332.55	207.04	201.37
South Africa (60)	238.57	+2.1	236.51	163.84	211.53	229.69	+2.7	2.36	233.69	231.74	160.41	207.14	223.71	238.57	144.72	154.62
Spain (42)	137.92	+1.3	136.73	94.73	122.39	145.50	+1.2	4.11	136.14	135.01	93.46	120.68	143.83	145.24	115.23	117.97
Sweden (36)	189.52	+0.1	187.88	130.16	168.05	232.94	+0.0	1.50	189.26	187.69	129.93	167.77	232.83	206.92	148.70	169.78
Switzerland (50)	156.44	+0.4	155.09	107.45	138.73	142.28	+0.5	1.52	155.78	154.49	106.95	138.11	141.59	156.44	108.91	112.04
United Kingdom (215)	197.90	-0.1	196.19	135.90	175.46	196.19	-0.1	3.66	198.05	196.41	135.95	175.54	196.41	198.05	162.00	169.24
USA (518)	189.03	-0.4	187.40	129.83	167.62	189.03	-0.4	2.74	189.87	188.30	130.35	168.31	189.87	191.56	175.38	177.44
Europe (748)	165.22	+0.3	163.80	113.48	146.51	158.71	+0.3	2.86	164.77	163.40	113.11	146.06	158.24	166.22	133.92	135.14
Nordic (114)	184.34	+0.4	182.75	126.60	163.45	194.80	+0.3	1.28	183.69	182.10	126.06	162.78	194.12	184.54	142.13	164.28
Pacific Basin (715)	145.08	+2.6	143.83	99.64	128.64	103.33	+2.7	1.17	141.34	140.17	97.03	125.29	100.63	166.80	105.89	111.88
Euro-Pacific (1463)	153.32	+1.6	151.99	105.29	135.94	124.57	+1.6	1.92	150.94	149.69	103.61	133.79	122.60	162.86	117.26	121.29
North America (625)	185.68	-0.4	184.08	127.52	164.65	184.94	-0.4	2.74	186.49	184.94	128.04	165.34	185.76	187.68	171.51	173.50
Europe Ex. UK (533)	144.54	+0.5	143.30	99.29	128.19	136.68	+0.6	2.34	143.82	142.63	98.75	127.51	135.89	144.54	112.51	114.65
Pacific Ex. Japan (246)	253.09	+1.2	250.90	173.85	224.43	233.66	+1.2	2.53	249.96	247.91	171.63	221.61	230.83	253.09	162.70	160.85
World Ex. US (1649)	155.14	+1.5	153.80	106.55	137.56	127.68	+1.6	1.93	152.80	151.53	104.90	135.45	125.70	162.89	118.51	122.35
World Ex. UK (1952)	162.38	+0.9	160.98	111.51	143.97	141.98	+0.9	2.08	160.99	159.62	110.50	142.69	140.72	166.65	134.22	137.19
World Ex. So. Af. (2107)	165.04	+0.8	163.62	113.36	146.35	146.00	+0.8	2.24	163.80	162.44	112.46	145.21	144.88	170.46	137.29	139.98
World Ex. Japan (1698)	183.70	+0.0	182.12	126.19	162.91	179.61	+0.0	2.78	183.70	182.18	126.12	162.86	179.56	183.70	157.47	158.24
The World Index (2167)	165.48	+0.8	164.03	113.64	146.72	146.69	+0.8	2.24	164.19	162.83	112.72	145.55	145.53	170.88	137.32	139.97

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Apr	Jul	Puts Jan	Apr	Jul
Allied-Lyons	600	28½	45½	53½	14	23½	35
(*623)	650	6½	28½	29	44	51½	64
Argyll	260	13	21½	25½	11	17½	25
(*260)	280	5½	13	17	28	30½	37½
ASDA	60	6	7½	10½	2½	5	6
(*62)	70	2	4	6	9	11½	12½
Brit Airways	420	38½	42	58	11½	19½	27½
(*436)	460	11½	22½	31	33	38½	40
SmKl Bch A	380	29	39	46½	9½	18½	25½
(*374)	390	14	25	34	25½	35	41
Boots	500	50½	67½	75	3½	8½	16½
(*548)	550	19	34	43½	17	27	30½
BP	300	23½	30½	34	5½	9½	15
(*315)	330	8½	14	19	30	28	30½
British Steel	130	10½	15½	20	5	6½	13
(*134)	140	5½	10½	15	11	15	18
Bass	500	31	46	58½	8½	17	23
(*542)	550	9	19½	26	35½	44	49½
Cable & Wire	475	33½	46	56½	9½	18	25½
(*498)	500	18½	33½	45	21	30	37
Courtaulds	420	47	56	63½	3½	7½	16
(*459)	460	18	31	38½	16½	22½	33
Comm Union	650	24	37	48½	15½	30	36
(*654)	700	6½	16½	27	49	63	67
ICI	750	33	48	57	16½	30½	40½
(*768)	800	12	23	34	49	72	78½
Kingfisher	700	49½	67	78	8½	20½	31
(*734)	750	19	37½	48½	32	42½	56
Land Secur	750	55½	71	78½	4½	16½	21½
(*794)	800	28½	38	47½	22	28½	43½
Marks & S	420	34½	44½	49	5	10½	15½
(*447)	460	10½	21	27	22	28	33½
NatWest	550	54½	62½	70½	4½	16	22
(*594)	600	21½	31½	42½	22	39	45½
Sainsbury	420	16	32	38½	15	22	31
(*421)	460	3½	15	21	43	46½	56
Shell Trans.	650	58	69	68½	4	14½	20½
(*691)	700	17	27½	38	20½	38	44½
Storehouse	220	15	22½	27	5½	9½	13½
(*230)	240	4	13	17	16½	21	25
Trafalgar	80	9	12½	15	3½	5	7½
(*85)	90	4½	7½	9½	9½	10½	13½
Unilever	1150	53½	74	92½	16	37½	50
(*1177)	1200	24½	47	65	41	63½	73
Zeneca	750	44	57	71	15	35	47½
(*773)	800	17	30½	47	41½	64	75
Option		Feb	May	Aug	Feb	May	Aug
Grand Met	420	41	46½	55	10½	16½	18
(*454)	460	15	23½	33	29	34	38½
Ladbroke	160	12	17½	22	11½	16½	23
(*160)	180	6	9½	14	25	32½	36
Utd Biscuits	330	28½	34	38	9	17	21½
(*346)	360	13½	17½	23½	25	35	40½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Fisons	130	9	17½	20½	2½	8½	14½
(*136)	140	4	13	15	7	14	21
Option		Feb	May	Aug	Feb	May	Aug
Brit Aero	390	50	60½	72	15½	25	32½
(*421)	420	32	46	57½	28½	40	48
BAT Inds	500	41½	47½	53	11	23½	30½
(*522)	550	14	21½	27½	37½	52½	59
BTR	330	30½	34½	40½	6	13½	16½
(*349)	360	12½	18½	25	20½	29½	31½
Brit Telecom	460	16½	28½	35	14	18	26
(*469)	500	6	12	18	40½	42½	46½
Cadbury Sch	453	40½	58	-	4½	13	-
(*488)	493	20½	25	-	18½	31½	-
Eastern Elec	650	28	41	58½	23	30	41½
(*655)	700	8	20	25½	55½	61½	72½
Guinness	480	25½	35	42	17	27	33½
(*486)	500	8	17½	24	42	52½	58
GEC	300	24½	31	35	5½	8½	14½
(*316)	330	7½	14½	18½	21	24	30
Hanson	260	13½	17	21	8	12½	16½
(*266)	280	5½	8½	12½	20	24½	28

Option		Calls Feb	May	Aug	Puts Feb	May	Aug
Lasmo	100	16	20	22½	8	14	16
(*104)	110	10	14	17	14	18	21
Lucas Inds	180	17	22	28	8	12½	15
(*188)	200	7½	12	16½	19½	24	28½
P & O	600	47	56½	70	16	26½	31½
(*625)	650	18½	29½	45½	41	53	57½
Pilkington	160	14	19	24	8½	11½	16½
(*168)	180	5	9½	15	22	23½	28½
Prudential	330	31½	36	39½	5½	12	15
(*352)	360	12½	17½	23½	16	27½	30½
RTZ	750	42	64	80½	23½	35½	42½
(*761)	800	18½	30	46	52½	64	69½
Redland	550	60	68½	75	9½	22	27½
(*595)	600	27½	37½	48½	27	46	51½
Royal Insce	317	19	-	-	15½	-	-
(*318)	346	7½	-	-	33½	-	-
Tesco	180	25	28	30½	6	9	10½
(*199)	200	12	16	19	12	19	20½
Vodafone	550	48½	65½	76½	24	35	46½
(*568)	600	28	38	56	32	62½	72½
Williams	330	32	37	41	8	13	16½
(*351)	360	14	20½	25	19	26½	32
Option		Jan	Apr	Jul	Jan	Apr	Jul
BAA	950	62	85½	100	9	21½	32
(*993)	1000	30	55½	72	28	42½	54
Thames Wtr	530	28½	38½	48	12	20½	34
(*560)	600	7	16½	28	42	47	64
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	460	16½	30½	35½	5½	22½	26½
(*469)	500	2	12½	19	33½	47½	50½
Amstrad	35	6	7½	9	1	2½	4
(*39)	40	2	5	6½	2½	5	6
Barclays	600	21	41½	49½	6½	25½	32
(*612)	650	2½	17½	27	39½	55½	60½
Blue Circle	330	20½	32½	38½	3½	14	22
(*345)	360	3½	17	23½	19	29½	38½
British Gas	330	19½	28½	34	2½	8½	14½
(*346)	360	2½	13	17	18½	23½	30½
Dixons	280	8½	22	30	8	18½	24
(*282)	300	2½	14	21	20½	30½	36½
Eurotunnel	460	23½	-	-	7½	-	-
(*476)	500	6	-	-	30½	-	-
Hillsdown	140	16½	22½	25	1	5	9½
(*154)	160	2½	10½	13½	8½	14½	21½
Lonrho	130	9	16	20	2½	9	12½
(*136)	140	3½	11	15½	7	14½	17½
Natl Power	420	28½	40½	47½	1½	8½	15
(*444)	460	4	17	26½	18½	27½	36
Scot Power	420	25½	34½	43	1½	10½	15
(*441)	460	2½	13½	22½	21	31½	35½
Sears	120	8	13	14½	1½	4½	7
(*125)	130	2	7½	9	6	9	12½
Forte	240	12½	23	27	3	12	17½
(*248)	260	2½	13	17	14½	23	29
Tarmac	155	13½	21½	25	2	7½	12
(*166)	174	3	11½	16	11	17	22
Thorn EMI	950	55	73	94	2½	24	33
(*995)	1000	15	44½	65½	17½	47	56½
TSB	240	7	16	21½	4	13½	17
(*242)	260	1½	7½	12½	18½	26½	29½
Tomkins	220	12½	19	24½	2	9	12½
(*229)	240	2	10	14½	14	21	23½
Vaal Reefs	90	7½	-	-	4	-	-
(*393)	100	3	-	-	9	-	-
Wellcome	600	50	64	75½	5½	25	37½
(*626)	650	7½	37	48½	30½	51	84
Option		Dec	Apr	Jul	Dec	Apr	Jul
Glaxo	650	42	72½	80½	5	34½	47½
(*683)	700	10½	47	65½	26½	60	72
HSBC 75p shs	800	28	64½	77	8½	45½	57½
(*816)	850	6½	39	58	38½	74½	85½
Reuters	1750	48	114	153	15	81	103
(*1771)	1800	18½	87	125	42	106	127
Option		Dec	Feb	May	Dec	Feb	May
Rolls-Royce	156	18½	21½	-	1	5½	-
(*170)	176	3	9	-	8½	14½	-

* Underlying security price. Premiums shown are based on closing offer prices.
December 10, Total contracts: 38,466 Calls: 23,378 Puts: 15,088

TRADITIONAL OPTIONS

First Dealings	Dec. 6	Last Declarations	March 10
Last Dealings	Dec. 17	For settlement	March 21

Calls: AB Eng., Brit. Bloodstock, Bakyrchik Gold, Caffyns, Celltech, Enterprise Comp., Federated Res., Flextech, Flagstone, LIG, Minmet, P & P, Royal Bk Scotland, Signet, Tarmac, Triton, Tullow. Puts: Brit Thornton, Caffyns, Celltech, Tullow. Put & Call: Bluebird Toys.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	50	10	19	278	41	73
Other Fixed Interest	3	0	12	11	5	59
Commercial, Industrial	273	339	823	1,523	1,390	4,246
Financial	56	38	75	251	201	365
Property	16	22	96	132	68	472
Investment Trusts	190	44	319	964	177	1,516
Oil & Gas	8	31	42	82	120	203
Mines	13	48	82	262	118	322
Others	32	60	82	256	226	296
Totals	641	589	1,510	3,769	2,342	7,544

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	27.9	102	92	Abtrust Lloyds	93		-	-	-	-
-	F.P.	2.4	40	36	Do Warrants	40		-	-	-	-
100	F.P.	30.5	101	100	Amicable Smlr Int	101		-	-	-	-
100	F.P.	65.6	97	91	Angerstein	97		-	-	-	-
230	F.P.	56.1	262	230	Azlen	257		L3.0	2.8	1.5	30.8
115	F.P.	92.4	121	106	Badgerline	107	-2	R4.1	2.1	4.8	12.7
130	F.P.	48.6	163	138	Biotrace Intl.	151	-2	-	-	-	-
100	F.P.	113.3	105	96	CLM Insce	103		-	-	-	-
200	F.P.	31.7	205	182	Canadian Pizza	184		W5.9	2.3	4.0	13.8
250	F.P.	153.5	250	217	Celltech	217½	-12	-	-	-	-
100	F.P.	14.1	114	102	Cleveland Tst	112		uN5.26	0.8	5.9	21.9
280	F.P.	310.7	305	288	DFS Furniture	298	-6	L6.4	2.1	2.7	22.6
100	F.P.	49.9	102	98	Dellan Lloyds Tst	98		-	-	-	-
1	F.P.	4.6	2	1¼	‡Emerald Energy	1¼		-	-	-	-
180	F.P.	80.6	183	173	Fenchurch	173	-2	W7.2	1.5	5.2	15.5
-	F.P.	32.4	112	101½	Finsbury Under'wrt	108		-	-	-	-
-	F.P.	12.9	64	51	F & C Em Mts Wts	64	+1	-	-	-	-
100	F.P.	40.2	101	100	For & Col Small C	100½		-	-	-	-
168	F.P.	370.8	189	168	Gartmore	184		W4.0	2.0	2.7	22.8
100	F.P.	53.0	106	102	Govett High Inc	106		-	-	-	-
100	F.P.	89.5	103	98	HCG Lloyds Tst	102		-	-	-	-
-	F.P.	0.0	5	3	‡Harmony Wrnts.	4½		-	-	-	-
260	F.P.	69.2	257	248	Hozelock	249	-6	W6.0	2.2	3.0	17.7
100	F.P.	113.2	111	100	Johnson Fry 2nd	111	+3	-	-	-	-
100	F.P.	49.9	104¼	102½	Do Zero Div Pf	104	-½	-	-	-	-
135	F.P.	28.1	128	121	Lilliput	121		R4.35	2.1	4.5	13.0
190	F.P.	55.2	211	191	Litho Supple.	209	-1	R6.5	2.0	3.9	16.1
100	F.P.	310.8	111	99	London Insc Mkt	111	+1	-	-	-	-
100	F.P.	43.1	107	94½	Masthead Insce.	107	+1	-	-	-	-
§40	F.P.	7.9	44	38	‡Millgate	42	+1	2.5	1.6	7.4	9.8
100	F.P.	25.7	104	100	Morgan Grenfell C	100		-	-	-	-
100	F.P.	25.8	101	98	NM Smllr. Aust.	100		-	-	-	-
-	F.P.	2.3	48	42	Do. Wrts.	46		-	-	-	-
100	F.P.	57.5	97	92	New London Cap	96		-	-	-	-
§78	F.P.	56.1	120	94	‡On Demand Info	110	-1	-	-	-	-
100	F.P.	15.4	100	100	Pilot Inv C	100		-	-	-	-
-	F.P.	18.6	97	94	Premium Trust	94		-	-	-	-
-	F.P.	14.1	109	107	Premium U'wrtng	107		-	-	-	-
-	F.P.	121.6	227	193	Royal Doulton	221	+3	H6.8	-	3.7	-
160	F.P.	78.6	167	159	Ruberoid	163	-1	R5.4	1.9	4.1	15.5
100	F.P.	48.0	98	92	Syndicate Cap.	95		-	-	-	-
-	F.P.	1.9	38	23	Do Warrants	37		-	-	-	-
160	F.P.	58.0	186	178	Telspec	183	+2	R2.6	2.8	1.7	23.0
100	F.P.	61.2	102	102	Throg Prfd Inc	102		-	-	-	-
§180	F.P.	30.3	198	183	Towry Law	189	+2	LN4.6	2.2	2.8	19.6
-	F.P.	25.2	111	101	Ugland Intl	105	+2	-	-	-	-
100	F.P.	19.8	98	93	Wigmore Prop.	98	+1	-	-	-	-
-	F.P.	1.7	42	28	Do Warrants	42		-	-	-	-

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

FINANCIAL TIMES EQUITY INDICES

	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Yr ago	*High	*Low
Ordinary share	2459.6	2462.9	2454.4	2439.8	2435.4	2062.8	2462.9	2124.7
Ord. div. yield	3.77	3.77	3.76	3.81	3.80	4.46	4.52	3.77
Earn. yld. % full	4.30	4.29	4.30	4.34	4.35	6.16	6.38	4.29
P/E ratio net	29.35	29.38	29.31	29.05	29.16	20.78	29.38	18.40
P/E ratio nil	27.18	27.21	27.14	26.90	27.00	19.13	27.21	18.14
Gold Mines	246.7	251.7	205.9	231.1	231.6	85.7	251.7	60.0

*For 1993. Ordinary share index since compilation: high 2462.9 9/12/93; low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Ordinary share base date 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2459.8	2456.9	2461.8	2472.8	2475.0	2472.2	2471.1	2462.5	2460.0	2478.5	2459.4

	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Yr ago
SEAQ bargains	40,333	40,656	34,389	31,841	34,257	29,526
Equity turnover (£m)†	-	1959.2	1722.6	1439.2	1201.1	1406.4
Equity bargains†	-	45,705	36,420	35,642	33,729	33,962
Shares traded (ml)†	-	825.4	781.2	598.8	561.9	521.8

† Excluding intra-market business and overseas turnover

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		18⅝	-¼	20⅞	15⅝	16,424	2.3
Allegheny & W	♥	452p	-16	722p	399p	269.0	4.4
Amdahl		410p	+1	981p	294p	480.4	0.8
Amer Cyanamid		34⅝	—	39	31¼	3,111	3.4
Amer Express		21¼	-⅛	23⅝	14⅞	10,226	3.2
Amer T & T		38½xd	-⅛	43¼	33⅛	49,607	2.4
Ameritech		51	-¼	58¼	46	22,329	4.9
Anheuser-Busch		33¼xd	-⅛	41¼	29⅜	9,339	2.8
BankAmerica		30¹⁄₁₆xd	-⅛	38⅛	27⅛	10,732	3.1
Bankers NY		52⅛	-⅛	54¼	42⅜	4,323	4.0
Bell Atlantic		39¼	-¼	44¼	32¼	17,280	4.5
BellSouth		39⅛	-⅛	42⅜	32⅞	19,833	4.9
Bethlehem Steel	♥	12⅞	+⅛	13⅞	8½	1,087	-
Bowater		1605p	+42	1682p	1189p	645.4	2.7
CPC		31⅛	+⅞	34⅝	26	4,768	2.7
California Engy		1289p	-17	1478p	1086p	234.5	-
Chase Manhattan		22⅝	-⅛	24⅞	17⅞	3,531	3.6
Chrysler		35⅞xd	-⅛	39	21¼	10,377	1.5
Citicorp		23⅛	-⅛	29	13⅛	8,750	-
Colgate-Palm		40⅝	-⅛	45⅞	32	6,488	2.4
Cont'l Bank		1647p	+33	1877p	1278p	1,664	2.4
Dana		38½xd	+⅛	39⅛	28⅛	1,676	2.9
Data General		629p	-6	851p	527p	173.6	-
Decora Inds	♥	79½p	—	146p	79½p	-	-
Dun & Brad		42	—	46⅞	37⅛	7,488	3.9
Eaton		33¼	-½	37⅛	25⅞	2,348	2.4
Echlin		21⅛		22⅛	15⅛	1,267	2.2
FPL		25⅛	-⅛	27⅜	23⅛	4,576	6.6
Ford Motor		42⅞	+⅛	43⅛	28⅞	28,979	2.5
Gen Elect		67⅞	+⅛	67⅞	53⅛	57,878	2.5
General Host	♥	452p	-7	723p	452p	-	5.0
Gillette		41⅛xd	—	43⅛	31⅛	9,174	1.3
Hasbro		20⅞	—	20⅞	20⅞	1,819	0.6
Honeywell		22½xd	—	28½	20⅛	4,665	2.9
Houston Inds		30¼	—	33¼	28¼	3,982	6.5
Ingersoll-Rand		25⅛xd	-⅛	26⅞	19⅛	2,877	1.8
[illegible]		[illegible]					

BUSINESS SERVICES

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
ADT $		576	-1	675	403	802.8	-	-
Adam & Harvey		280		330	196	10.7	6.6	4.6
Air London		61	—	92	59	6.41	7.2	10.9
African Lakes		46	—	58	37	3.10	5.7	-
Autofed Sec		130		176	93	182.2	3.6	23.3
BET		137	-½	139	84	1,279	2.1	3.5
BNB Res		[illegible]	—	116	41	27.5	5.4	-
BPP		239	—	310	163	69.3	4.5	12.9
BSM		160	-1	176	108	47.1	4.3	14.8
Barbour Index		240	—	288	196	30.8	4.2	16.4
Black & Edg		1¼	—	1½	⅝	0.09	-	-
Boustead		23xd	—	28	15	20.0	3.9	-
Bridgend		24	—	27	12	7.04	-	-
Brit Data Mangt		225	+6	230	164	64.7	2.8	18.4
Brit Fittings		88	—	96	45	18.1	2.7	-
Brooks Service		58	-3	73	54	6.88	1.1	-
Business Post		166xd	-3	194	105	64.0	3.6	15.1
CRT		95	-1	109	66	61.0	3.8	16.9
Capita		191	—	193	130½	92.5	1.5	20.8
Caskat		40½	—	45½	31	32.4	2.8	13.4
Chiltern Capital AS		22½	—	35	18½	20.8	-	-
Christie Group		68	+10	85	[illegible]	13.2	-	-
Chubb Security		352	-3	394	228	983.8	1.9	21.7
Corp Servs		36	—	37	6⅛	13.5	-	-
Coutts Consulting		86	-2	91	20	20.3	-	-
Dart		142	—	142	90	21.7	2.9	19.1
Davis Service		218	+2	238	188	228.5	4.8	18.3
EW Fact		123	—	124	85	9.35	4.5	14.1
Gardiner		29½	—	32	11	28.4	2.8	18.4
Hays		262	-1	277	215	1,087	2.6	22.8
Hogg Robinson		236xd	-1	248	174	183.3	3.8	17.2
Holmes Protect S		39	—	79	34	17.2	-	2.4
Hutch Whmp HK$	♥	320	+16	329	127	11,117	1.5	26.8
ISS B DKr		220¼	+¼	221¼	59¼	530.6	1.9	14.3
Inchcape		630	+4	637	475	2,777	3.3	17.3
Intl Food Machinery		29	—	34	29	4.22	0.8	-
Johnson Cleaners		665	—	675	550	171.8	3.7	18.8
[illegible]		[illegible]						

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS - Cont.

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

METALS & METAL FORMING

TELEPHONE NETWORKS

TEXTILES

MISCELLANEOUS

PROPERTY

OTHER FINANCIAL

INVESTMENT COMPANIES

TRANSPORT

OTHER INDUSTRIALS

MEDIA

WATER

MOTORS

SOUTH AFRICANS

STORES

PLANTATIONS

PACKAGING, PAPER & PRINTING

MINES

OIL & GAS

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c [illegible]
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
j Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual estimates.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on MMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

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FINANCIAL TIMES
Weekend December 11/December 12 1993

Trade ministers meet for last-ditch effort to settle Gatt differences

By David Dodwell, World Trade Editor, in Geneva

Trade ministers from the four "Quad" countries of the US, Japan, Canada and the European Union will meet in Geneva today and tomorrow in an attempt to settle outstanding disagreements on world trade reform before time runs out in the Uruguay Round of Gatt negotiations.

It was uncertain last night whether there was enough room for compromise. Mr Mickey Kantor, US trade representative, who will be at the talks, said the odds had "shifted in favour" of reaching a deal by the December 15 deadline but "it's not in the bag".

Ministers will lend top-level authority to a virtual frenzy of talks between the 116 countries involved in the round, most of which must be finished by midnight on Sunday night. They will also give negotiators greater leeway to make difficult compromises at a time when lobbying pressure both in Geneva and in national capitals is intense.

The main disputes that could still scupper the talks include US demands for dilution of proposed anti-dumping rules, and US threats to give unfettered access to its financial services market to only a small group of industrial countries. Mr Kantor said yesterday the US would not accept a pact that did not preserve US rights to retaliate unilaterally against "dumping.", or selling goods below cost.

On the European side, France is still digging in over US access to Europe's film and television markets. The two sides are still arguing over US threats to withdraw offers to liberalise shipping and port operations.

Differences over a regime to control aircraft subsidies, plans to reconcile potential conflicts in trade and environment policies and the authority of a Multilateral Trade Organisation to replace the General Agreement on Tariffs and Trade appear to be closer to resolution.

Mr Peter Sutherland, Gatt director general, has set a Sunday deadline for completion of negotiations so that a final draft of the 450-page text of the Uruguay round can be drawn up and translated by December 15, the deadline for completing the round.

Intensive negotiations continued late into last night on all outstanding issues, with Japan facing immense pressure from the EU and the US to make new market-opening concessions following completion on Tuesday of a conditional US-EU market-opening package.

Gatt clash defused, Page 3

Government stands by pension plans

By Roland Rudd

The government pledged its full backing yesterday to the principle of personal pensions in spite of the announcement earlier this week of an inquiry into the sale of up to 400 000 policies.

Mr Anthony Nelson, Treasury economic secretary, said that, in the main, policy holders should not be alarmed: "We are not talking about fraud or theft; the security of personal pensions is not in doubt."

The minister said that the recent study showing that rules regarding personal pensions were not followed in four out of five cases did not alter the government's support.

In an interview with the Financial Times, he said: "The government will continue to support the personal pension since for many people it will remain an attractive means for providing for retirement. It would be quite wrong for us to discourage them."

The government has faced embarrassment over the inquiry into the sales of personal pensions to people transferring out of employers' schemes. During the late 1980s ministers stressed the benefits of personal pension plans because of their flexibility.

Mr Nelson said: "My overriding concern is the interests of those who have taken personal pensions and we have to ensure that they are not disadvantaged by mis-selling." He added that providers would have to respond to those who had been disadvantaged by allowing them to adjust their personal pension or to rejoin their occupational pension.

Mr Nelson specifically ruled out any review of the Financial Services Act. He said that, far from indicating a failure of the system, the recent disclosure of abuse in the sale of personal pensions showed the effectiveness of the current regulations.

"We have to improve the system and learn from our mistakes. But this is not a failure of the regulatory system."

The minister made clear that he expected providers of personal pensions to produce "full disclosure of the costs and implications so people could make a careful comparison of what was on offer".

He said "the full-scale study" by the Securities and Investments Board, the City's chief watchdog, into the extent of the mis-selling of personal pensions would establish the extent of the problem . "SIB is undertaking a thorough review of the selling rules and will then co-ordinate an action plan to provide redress to those that are disadvantaged," he said.

The SIB has said that it will also investigate the sale of personal pensions to people contracting out of the state earnings related pensions scheme.

OFT presses insurers, Page 6
Retiring hurt but wise, Page 10

No sign of durable recovery as pessimism among companies deepens

Japan's GDP edges up 0.5%

By Robert Thomson in Tokyo

Japan's economy defied expectations by growing 0.5 per cent in the third quarter, lifting gross domestic product by an annualised 2 per cent, the Economic Planning Agency said yesterday.

The figure, bolstered by a recovery in housing-related spending, contrasts sharply with the mood among Japanese companies reflected in the Bank of Japan's quarterly survey published yesterday. The survey's index of sentiment among manufacturers – a comparison of those with positive and negative outlooks – slipped almost 10 per cent from -51 to a gloomy -56, and among non-manufacturers from -41 to a record low of -47.

For the July-September quarter, GDP rose 0.5 per cent from the previous quarter, while GNP gained 0.4 per cent and an annualised 1.5 per cent. During the quarter, the EPA started using GNP instead of GDP as the official measure of economic performance.

The Bank of Japan and the EPA agreed that no signs of a durable recovery have emerged, but the agency suggested that the third-quarter growth was an indication of the economy's underlying strength. In the previous quarter, GDP contracted by 0.5 per cent. Most economists had expected a further contraction.

Ms Mineko Sasaki-Smith, economist at Morgan Stanley, said the positive figure for the latest quarter was partly a "yo-yo effect" from the weak position in the previous quarter, and the economy was likely to turn down again in the fourth quarter.

However, the bank's survey – regarded as the best measure of corporate spending intentions – found that capital investment for the year to March is expected to fall 7.5 per cent, down from 5.9 per cent recorded in the previous survey.

The bank's survey of more than 10,000 companies showed an increase in those reporting a surplus of labour, while the reduction of excess inventories has stalled, suggesting that final demand is again faltering and that industrial production will fall in coming months.

Japan's coalition government is expected to start preparing another stimulatory package next week.

Jobs hold the key, Page 3

Customs to play Scrooge over rebates

Continued from Page 1

parties, and not the money spent on their staff's guests.

KPMG won the case by arguing that guests were merely sharing the staff's celebrations for their past efforts, and were not present for business purposes – which would have made them ineligible for rebates.

Customs – which had been quiet on the subject up until then – has since appealed against the judgment and issued a retaliatory technical bulletin, which says it will only accept 50 per cent of the costs of employee entertainment for any refunds of VAT.

If the appeal succeeds, companies will be left out of pocket for substantial sums. On parties attended equally by employees and guests, the amount they will be able to reclaim will fall from half to a quarter of the VAT incurred.

Last night Customs said: "People can always make a case to get back more from their local VAT office. But nobody at Customs gets any VAT back on our Christmas parties. Staff have to pay their own expenses."

LWT alliance plan may hold off Granada

Continued from Page 1

around £600m with a 528p per share cash alternative. Granada's shares closed up 12p at 496p, valuing the offer at around £610m.

As part of LWT's defence against Granada, a three-way deal is understood to have been agreed.

The reason behind this is the proposal by the government which would mean no independent television company could own more than two regional franchises. Because the Yorkshire-Tyne Tees group already holds two broadcasting licences any deal with LWT would involve the disposal of one of them.

THE LEX COLUMN

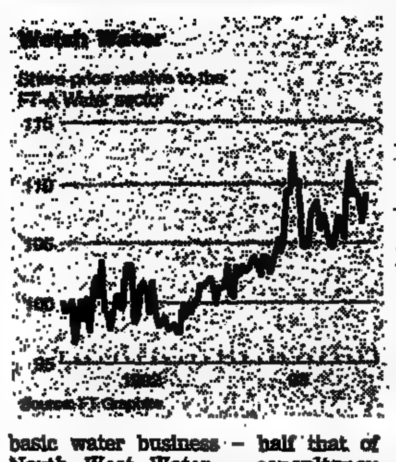
High octane yields

The rally in equities since the Budget runs counter to the normal trend. In part, that reflected the strongly anti-inflationary aspects of Mr Clarke's measures, with no extension of VAT and the brunt of deficit reduction falling on spending cuts. Falling oil prices have since further improved prospects. Expectations that interest rates may fall further and stay lower were reinforced by Mr Eddie George, the governor of the Bank of England, who claims he is "not an inflation nutter". Gilts have understandably rallied, pulling equities up in their wake.

The logic that the low yield on gilts is a support for equities is a strong pull on the market at present. Yet such relative valuation arguments can dissipate rapidly, and the market needs better corporate news for direct support. In the past three years, the FT-SE 100 index has risen by 50 per cent, while dividends are only up by 1 per cent. Dividend prospects are improving, but slowly, and several high profile companies have produced disappointing results. The number of analysts currently lowering profits forecasts strongly outnumbers those raising their estimates.

Mr Clarke's measures will have done little to help domestic consumption next year, hence the fall in cyclical stocks and demand for higher-yielding utilities since the budget. Overseas earnings may well improve from the US, but that is probably already discounted in prices. Further improvement in UK equities next year may well depend on positive surprises from continental Europe.

FT-SE Index: 3261.3 (-10.3)



Welsh Water

Welsh is starting to get its act together outside the regulated water business. The shares have notably outperformed the sector since the turn of the year, since the ill-considered stake in South Wales Electricity was jettisoned. Since then, the new management has vowed to get out of hotels – although that is proving difficult – and is wondering whether to remain in pipelines. Given the low margins and risks inherent in such contracting business, an early exit looks desirable.

Acer, the engineering consultancy acquired in February, has proved more difficult to manage than Welsh envisaged. But a small operating profit in the first half, together with a firm prediction that the acquisition will enhance earnings this year, is enough to earn the benefit of the doubt. With turnover of only £350m a year in its basic water business – half that of North West Water – consultancy might make a meaningful contribution to earnings.

The best that can be said so far, though, is that worries about a serious error on the road to diversification have been allayed. That has allowed the strength of the water business to shine through. With dividend cover of four times and a balance sheet barely geared, Welsh could live with a tougher regulatory regime more easily than its peers. While the outcome of next year's review of price limits remains so uncertain, such defensive qualities will continue to drive the shares.

Hong Kong

Hong Kong equities continue to rise above politics. The Hang Seng index pushed through 10,000 yesterday, despite deadlock in talks on the colony's future. On a multiple of 14.5 times next year's forecast earnings – against a long-term average of 12.5 times – the market is now deep in uncharted territory. Against the heady ratings of Singapore and Malaysia, though, the Hang Seng looks a laggard.

While the message from China remains soothing, the temptation will be to press higher. If new issues are any guide, international interest has barely cooled. The flotation of Kunming Machine Tool, the Chinese company which made its debut last week, was 628 times oversubscribed.

While capital is flowing into Hong Kong at such a rate, talk of currency risk might seem far-fetched. The peg with the US dollar has survived 10 years of turbulence, including Tiananmen Square. The authorities have accumulated formidable reserves and are presently concerned with holding the Hong Kong dollar down. Still, bonds issued by the Mass Transit Railway Corporation have been downgraded by Moody's, partly on the grounds that the peg might not survive a Chinese shock. That is a reminder that flow of capital could easily swing into reverse.

Property companies

Investment property companies have vigorously resisted the new FRS3 accounting standard, arguing it makes a mockery of their reported figures. Profits from investment companies should reflect the revenue earned from letting space, they say. It should not include capital gains and losses generated from churning portfolios. Having failed to persuade the Accounting Standards Board, property companies have now adopted another tack. Both MEPC and British Land have simply continued to report headline profits, ignoring capital items. The FRS3 numbers are included but given far less prominence.

The property companies' case is compelling. There is even a danger that FRS3 widens the scope for abuse. Given that profits or losses on disposals are calculated on carrying values, this makes it possible to massage stated profits by manipulating the timing of valuations and sales. As the Queens Moat Houses episode has shown, property valuation is a tricky business. That said, it is dangerous to view revenue profits in isolation. The values a property company realises from disposals is clearly a critical financial indicator and may reflect on the quality of its remaining portfolio.

UK television

LWT would swallow an effective poison pill by linking up with Yorkshire Tyne Tees. Such thinking is clearly uppermost in LWT's mind as it scrambles to evade the predatory Granada. Anglia, too, may be thinking similar thoughts given its own vulnerability to a bid. Shareholders would be right to reject such manoeuvres if that was their companies' sole intent. A merger between all four stations could make real industrial sense but that presupposes a further relaxation of the franchise rules. Mr Peter Brooke may have fondly imagined he had just solved the ITV ownership conundrum. Clearly not.

FT WEATHER GUIDE

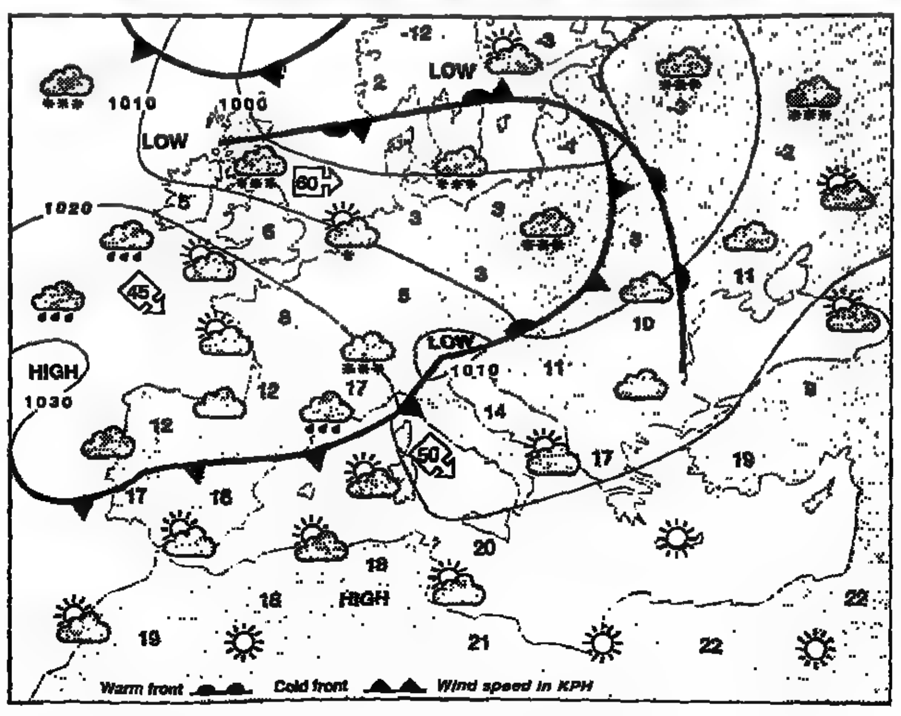
Europe today

Except for the most southerly regions, Europe will be exposed to an active westerly air flow which will penetrate deep into Russia. Cold and unstable air over western Europe will result in showers around the North Sea and surrounding countries. Hail and sleet will fall over the British Isles, the Low Countries, Germany and northern France.

There will also be heavy rain or wet snow over the north and west slopes of the Alps as temperatures drop significantly. Scandinavia will experience severe frost with snow or sleet in the far south. A frontal disturbance will trigger snow, sleet or rain over south-east Europe, Belarus and the Ukraine. It will remain warm and mostly sunny over the Mediterranean.

Five-day forecast

The wintry air mass over northern Europe will gradually spread southward. Conditions will be unsettled over the entire North Sea area with widespread rain, especially over France and the UK. Frosty conditions will return to continental Europe but around the Mediterranean it will be sunny with better than average temperatures for the time of year. There will be severe frost throughout the period over northern Europe..



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	27
Accra	fair	32
Algiers	fair	18
Amsterdam	hail	4
Athens	fair	19
B. Aires	cloudy	31
B.ham	shower	5
Bangkok	cloudy	31
Barcelona	cloudy	16
Beijing	cloudy	5
Belfast	hail	4
Belgrade	rain	11
Berlin	fair	5
Bermuda	fair	24
Bogota	cloudy	19
Bombay	sun	33
Brussels	shower	4
Budapest	sleet	1
C.hagen	sleet	4
Cairo	sun	22
Cape Town	fair	22
Caracas	shower	26
Cardiff	shower	6
Chicago	fair	-1
Cologne	shower	5
D' Salaam	cloudy	31
Dakar	fair	28
Dallas	sun	18
Delhi	sun	25
Dubai	sun	28
Dublin	hail	5
Dubrovnik	shower	15
Edinburgh	sleet	[illegible]
Faro	fair	18
Frankfurt	shower	4
Geneva	rain	6
Gibraltar	fair	18
Glasgow	sleet	3
Hamburg	sleet	4
Helsinki	cloudy	-2
Hong Kong	cloudy	23
Honolulu	fair	27
Istanbul	cloudy	13
Jersey	shower	7
Karachi	sun	31
Kuwait	sun	22
L. Angeles	shower	17
Las Palmas	sun	21
Lima	cloudy	23
Lisbon	cloudy	16
London	cloudy	8
Lux.bourg	sleet	3
Lyon	rain	9
Madeira	fair	19
Madrid	fair	10
Majorca	fair	18
Malta	sun	20
Manchester	hail	5
Manila	cloudy	30
Melbourne	rain	26
Mexico City	fair	21
Miami	fair	24
Milan	cloudy	9
Montreal	snow	1
Moscow	cloudy	-2
Munich	rain	5
Nairobi	fair	25
Naples	sun	16
Nassau	shower	26
New York	rain	8
Nice	cloudy	18
Nicosia	fair	19
Oslo	snow	-9
Paris	shower	8
Perth	fair	29
Prague	cloudy	4
Rangoon	fair	33
Reykjavik	snow	-1
Rio	thund	28
Riyadh	sun	22
Rome	fair	16
S. Frsco	rain	10
Seoul	fair	6
Singapore	rain	30
Stockholm	snow	-6
Strasbourg	shower	8
Sydney	fair	29
Tangier	fair	18
Tel Aviv	sun	22
Tokyo	rain	11
Toronto	fair	-3
Tunis	fair	21
Vancouver	fair	6
Venice	cloudy	10
Vienna	rain	5
Warsaw	rain	5
Washington	fair	4
Wellington	cloudy	19
Winnipeg	cloudy	3
Zurich	rain	6

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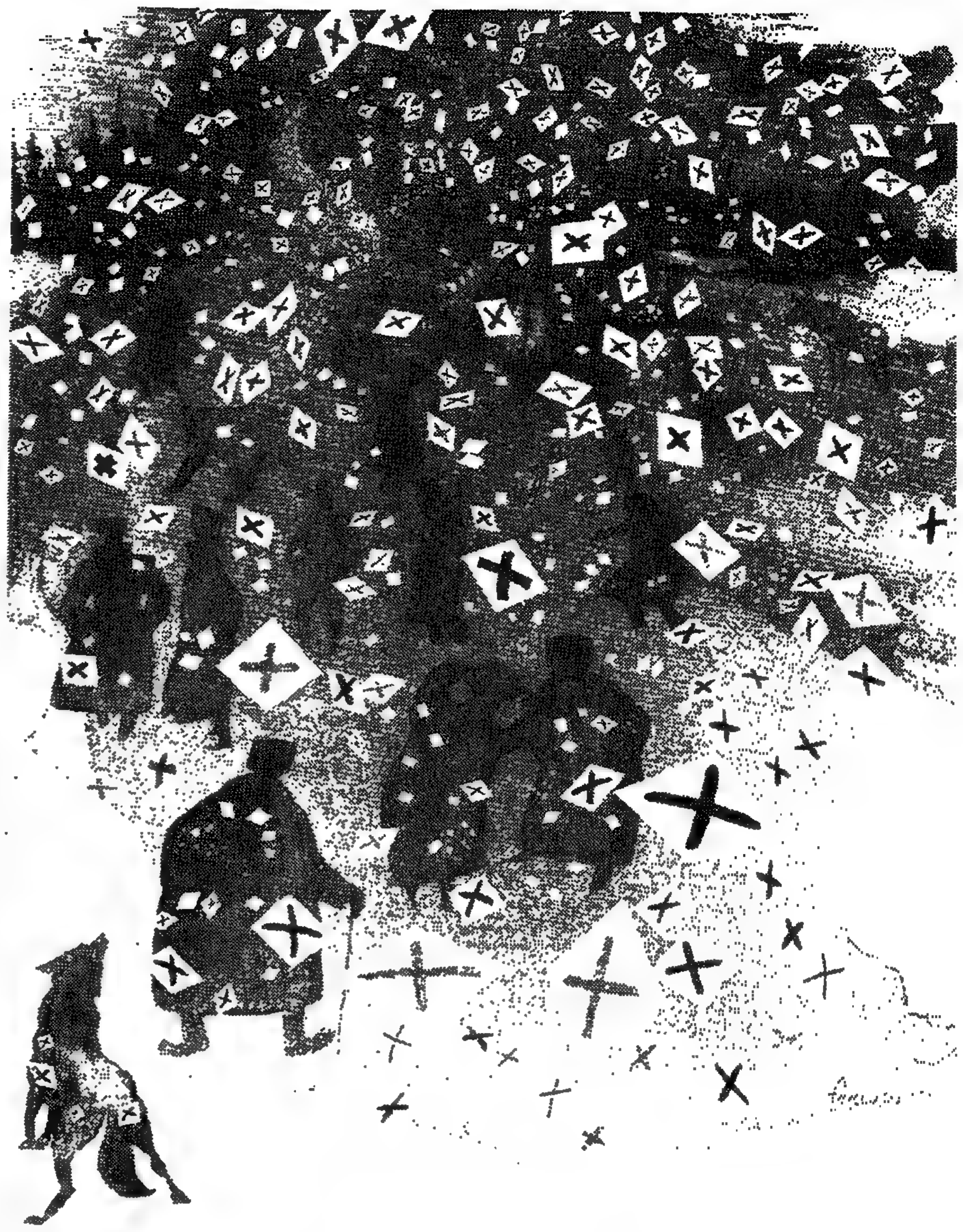
Weekend FT

SECTION II

Weekend December 11/December 12 1993

The icy test of popular democracy in the new Russia

Russians vote in free elections this weekend faced with a chaotic array of parties. ***Gillian Tett, Leyla Boulton and Lori Cidylo*** *report*



At minus 40°C, the doors of aircraft freeze shut and must be prised open with powerful hot air blowers, standard equipment at all Siberian airports. When the temperature drops below minus 40°C, natives warn you not to wear metal glasses or drink from a metal cup – they will stick to your face.

In Kemerovo, an industrial city deep in forest, it is so cold that the air burns and your breath freezes into fine ice dust.

This is the land to which countless thousands of Soviet citizens were transported to become slave labourers in Stalin's prison camps. In recent weeks Siberians have been testing a political structure, unfamiliar to Russians: popular democracy. Bravely, this weekend they will take part in the first free elections amid a chaotic array of parties, interest groups and eccentrics.

Many of those standing have only the haziest idea how political parties might be organised – or offer a credible agenda for government. Many of those voting seem bewildered by the dense piles of ballot sheets awaiting them tomorrow – with votes for both the upper and lower house of parliament and a constitutional referendum as well.

Galina Parshentseva is one of those gamely battling to make sense of this blizzard of electoral paper in frozen Kemerovo. A young lawyer known for her long blonde hair and mini skirts, she came to Kemerovo 17 years ago, and moved swiftly through the party ranks. Now, as Deputy Director of Social Protection for 18 cities, she is a candidate for for the Women of Russia party. As she is taken to the day's first meeting in her chauffeur-driven Volga, she is briefed by Galina Pushkaryova, a member of the campaign team: "At two, you meet pensioners, at four, you're giving a speech to medical students, then at six, we've got the miners."

She starts off well with the pensioners of Azhero-Subzhensk, a miner's town in a landscape of tiny wooden houses and red-cheeked women carrying firewood. Her message could have come straight from the notebook of any seasoned western politico. "My mother is in the same situation as you. She is living on a pension of 30,000 rubles. We need to raise pensions to keep up with inflation."

But with the medical students she falters. When a girl in a white coat asks about protection for medical workers she smiles: "I don't have a concrete programme, I am a dilettante in these questions."

"You have a lot to learn," her friend Pushkaryova says when they are back in the car. "Study, study and keep studying, Lenin said – but you probably missed that."

Several thousand miles to the West, in a plush hotel in Novgorod, Igor, a candidate for the Russian Unity and Accord party, shows a similar touching naivety: "Tell me – do you have any contacts with the British Conservative Party?" he asks. "I would quite like to join with them, in the name of international democracy."

But why? Is not his party's programme for a "caring" economy, just the reverse of Thatcherism? Igor shrugs. He believes in establishment and "conservative" values. "I mean, why talk about the 'left' and 'right' – who needs it?" he says.

It is a valid question for voters trying to make sense of the conflicting ideas, in a completely new kind of politics, where there is little real debate between the parties. They find themselves in a world where "left wing" can mean pro-market, "conservatives" lean towards preserving some of the old communist system and communists and fascists may embrace each other in a "red-brown alliance". In this sudden uncontrolled flowering of democracy, many political disputes are often based on personal rivalries, so the ironies of the new political language hardly seem to matter.

The obscurity of party names only adds to the confusion. For example, the Civic Union, supports Russia's still mainly state-owned industry. Russia's Choice is the pro-western, pro-reform party, closely allied with the President, Boris Yeltsin. The Yavlinsky group, known by the acronym "Apple" in Russian, wants more private property rights. But learning the names of the 13 official parties is only a start: the parties contain as many factions as the characters in a Russian novel.

At least everyone knows what the Agrarian Party stands for: the interests of the "red barons" of the threatened state farms. But the Liberal Democratic Party, now running second to Russia's Choice in some opinion polls, is the opposite of liberal. Its crypto-fascist leader Vladimir Zhirinovsky promises summary executions and plans to "curb the power of Jews".

Of course, *all* the pro-reform democratic parties promise better social protection, less corrupt government and market reforms – without mentioning how the better life is to be achieved.

"To build better cars than Mercedes and better planes than Boeing, we simply need to work harder," says Svyatoslav Fyodorov, the wealthy eye-surgeon and leader of the Russian Democratic Reform Movement.

Westerners may scoff at the amateurishness. But in a country where advertising has only recently arrived, western-style hype does not necessarily feel right. The most striking television promotion so far shows black and white footage of a Soviet world ice hockey championship defeat of Canada, with a soothing male voice promising to make Russia great once more – if voters opt for the Russian Party of Unity and Accord. But the party's ratings are poor. And the most effective advertisement has been Zhirinovsky's which simply offers himself. In a Russia where many voters are so demoralised they might not vote at all – simplicity is attractive.

Yet for Russians this is one of the most serious episodes in their turbulent history – a second chance this century to shake off its tradition of authoritarian rule. One chance was lost in the 1917 Russian revolution. The vote tomorrow will be the first to let them choose their parliament freely.

In Russia's presidential election in 1991, the choice was simple: vote for reform, or a communist. Yeltsin won 60 per cent of a heavy poll. This time the questions are much more complicated: what kind of reform? and what kind of people? Most of the Russian cabinet are running. So are pop stars, businessmen, cosmonauts – even priests.

And there has been no shortage of ordinary volunteers. In the Urals city of Chelyabinsk, the selection meeting for Russia's Choice drew dozens of hopefuls, who faced public interrogation about their motives, salary, mental balance – and KGB record.

"I'm offering myself because we have to defend these reforms," declared Boris Mizrakhy, a local official, who sported a slick business card, and had financial backing from a local pig processing plant.

Few doubt that Russia's Choice, backed by many of Yeltsin's ministers, has had access to the most resources. But funds seem to have been flowing quite freely into some of the rival parties too.The Unity and Accord party, for example offered free alcohol at its launch in Novgorod.

"This is a great way to have a political meeting. I've never been in a hotel like this," said one tipsy delegate from Buryatiya. And who paid for the luxury? An organiser muttered: "Businessmen and banks. A lot are backing all the parties, to ensure that one of theirs gets in."

Not all parties could rise to hotels. The now-dissident Communists, held their own launch in a run-down institute and explained: "This election is a farce, but we will take part anyway – we cannot abandon the people".

However, perhaps the strongest protest against this sea of grey suits is from the group called "Women of Russia". It is protesting against the fact that so few women have achieved political power – only 5.5 per cent of the last parliament were female.

Like all fledgling political movements, Women of Russia is short on experience – but this may be its greatest asset among parts of the electorate wary of the grandiose promises littering the campaign.

However, adjusting to the election spotlight, as Ekaterina Popova, a candidate admits, is difficult for both sexes. Soviet society discouraged individualism and so for Russians, western style glitz and the focus on personalities seems embarrassingly egocentric. "It's difficult psychologically. We were raised to believe that the interests of society, not our own interests, came first," says Popova. "Now something in society has changed. But it's impossible to transform yourself inside."

Not everyone would be as gloomy. Russia's steps into democracy might be wobbly, but lessons are being learnt. A political ferment has emerged that cannot easily be stamped out. But with Zhirinovsky's crypto-fascists rising in popularity, the crucial question that will hang in the frozen air across Russia tomorrow is will this "democracy" outweigh the authoritarian traditions that have shaped so much of Russia's past?

All power to the president, page XVII

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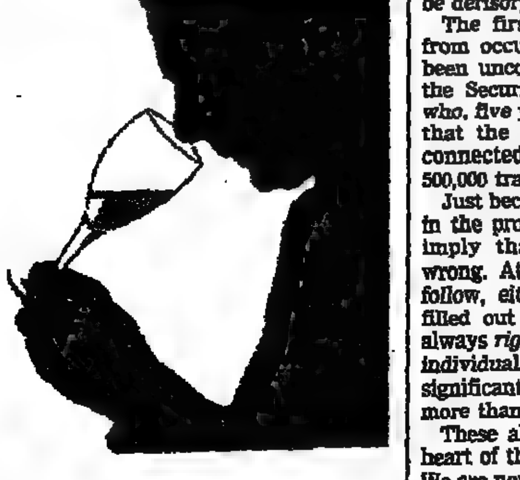


The Long View / **Barry Riley**

Personal pension blues

Personal pensions have always carried the potential of a disaster just waiting to happen; more than one disaster, in fact, because the storm that broke this week over badly-advised transfers out of occupational schemes into personal plans is likely to be followed by another when the several million people who have signed up for rebate-only and other small-scale plans discover that the eventual benefits will prove to be derisory.

The first crisis, over unwise exits from occupational schemes, has now been uncovered by the bureaucrats of the Securities and Investments Board who, five years too late, have found out that the fact-finding and paperwork connected with some 400,000 out of 500,000 transfers was deficient.

Just because there was corner-cutting in the procedures does not necessarily imply that the advice was always wrong. At the same time, it does not follow, either, that if the forms were filled out impeccably, the advice was always *right*. The suggestion is that the individuals clearly have lost out in a significant proportion of the cases – more than 100,000, anyway.

These allegations strike right to the heart of the retail investment industry. We are not talking here primarily about rogues on the fringe (although there have been some of those, too). According to Paul Trickett of the Mineworkers' Pension Scheme, who has watched with mounting concern over several years as some £700m has been transferred into personal plans, the leading recipients of the money have been TSB, Pearl Assurance, Prudential Assurance, Britannic Assurance and Legal & General.

Who should we blame? There is a parade of candidates, starting with the regulators themselves for failing to get their act together. In 1988, freshly-installed under the Financial Services Act, they were apparently too busy drawing up rules about "best advice" to check what was actually going on in the market place.

The life companies obviously can be criticised for accepting the transfer business eagerly without asking questions about the quality of advice given to the customers. They might say in their defence, however, that they were only responding to the political spirit of the time. The Thatcher government adopted the concept of personal pensions and then promoted them as part of its drive towards individual responsibility and popular capitalism. But it was careful to stop short of saying that people should leave occupational schemes.

You might also attach some culpability to the occupational schemes, which built up such a bad reputation during the 1970s and early 1980s for swindling early leavers. That provided the splendid sales line for the personal pensions peddlers that it was not safe to leave capital at the mercy of your former bosses (an angle which acquired another dimension after the Maxwell scandal two years ago). Thanks mainly to legislation, however, deferred pensioners (who have left a company, but retain future rights in its pension scheme) are now better protected against inflation than they were.

Finally, are the individuals *themselves* partly to blame? They are notoriously unwilling to pay for unbiased counselling and prefer to accept "free" advice from salesmen. Perhaps the emerging results serve them right.

The SIB still appears to be pre-occupied with the procedural details. The idea is that if enough pieces of paper are filled in and enough information gathered, the investor will somehow be protected. It would have been much better if, from the start, the SIB had focused on the motivation involved. A decision on pensions is highly technical and requires advice which is not only expert but unbiased; the intermediary must be prepared to advise "no" as well as "yes."

In almost all cases, though, personal pension business has been driven by commissions. The intermediary is paid highly for persuading the client to transfer out, but receives nothing for telling him that his best course is to leave his capital in an occupational scheme. It is a mystery why the regulators should be surprised in these circumstances to find there has been widespread mis-selling.

There is talk of upgrading the training of personal pension intermediaries and introducing special categories of advisers, but such measures are unlikely to do a lot of good unless the remuneration is detached from the product sale. But the commercial reality is that investment products are sold only in big numbers by highly-motivated intermediaries. This is why many of the life offices have been fighting fiercely against the fairly modest commission disclosure proposals, now in the pipeline, which might expose the "free advice" myth.

Personal pension plans remain perfectly good products in themselves so long as they retain 40 per cent tax relief on premiums and the right to tax-free lump sum benefits. In these respects, they escaped damage in the Budget. If substantial payments – at least 15 per cent of earnings – are made into a plan over a long period of years it should deliver fair value. In general, there is no reason for panic.

Nevertheless, the general over-selling of personal pensions has created an expectations gap. Most people have a vastly exaggerated idea of the benefits they are likely to get. Although investment returns generally have been quite favourable over the past few years, the same cannot be said of annuity rates, which are worsening all the time as gilt yields fall (see page VI). For a married couple to buy a fixed pension of two-thirds of average male earnings (now £350 a week) transferable to the survivor they would need a fund of about £150,000 – and inflation-proofing would cost much more. Few people can hope to get anywhere near such a level.

Don't book that round-the-world cruise just yet.

MARKETS

London

Gilts also go to the ball

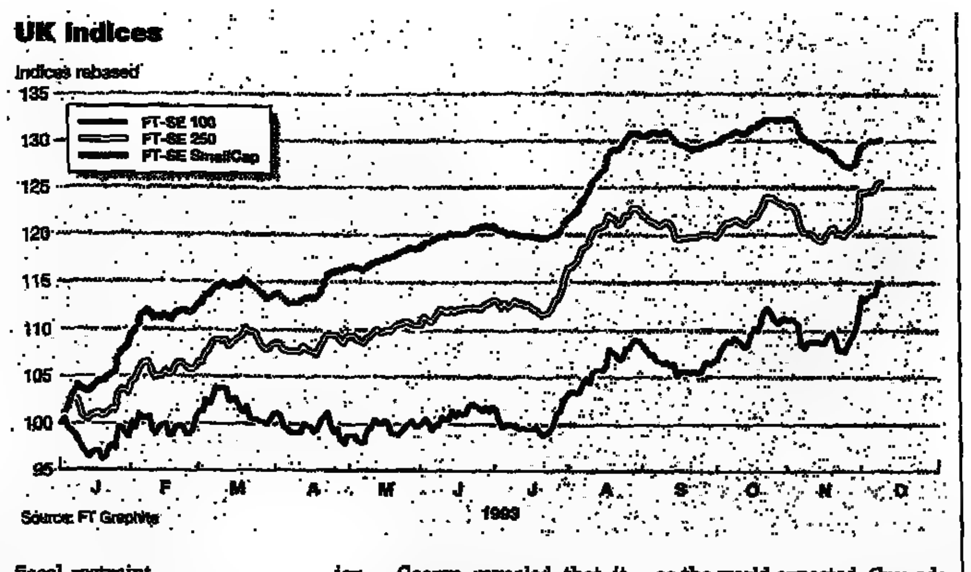
By Peter Martin, financial editor

The equity market made the headlines this week, with the FT-SE 100 index passing briefly through the 3,300 mark for the first time on Thursday. Smaller stocks did even better: as the chart shows the FT-SE Mid 250 index, which measures the performance of the next-largest 250 companies, has again resumed the pattern of outperformance seen earlier this year helped this week by big dividend rises from a clutch of regional electricity companies.

But the rally in the gilt market was almost as spectacular. Long term interest rates in the UK have fallen roughly half a percentage point in the last month: ten-year gilts, for example, are now yielding less than 6.4 per cent, compared with nearly 6.9 per cent a month ago. The traditionally volatile equity market has risen 5 per cent since the day before the Budget. Long-term gilts, usually much more stable, have risen 2½ per cent in the same period, as measured by the FT-Actuaries fixed-interest index.

The contribution of the gilts rally to the rise in share prices can best be measured by looking at the yield ratio, which divides the yield on long-term gilts by the yield on equities. (It is now printed daily alongside the *FT's* London stock market report.) The lower the ratio, the "cheaper" the equity market in relation to gilts. Just before the Budget, the yield ratio was 1.93; it is now 1.95. So, though equities have got slightly more expensive on this measure over the period, much of the impetus behind the share price rally has come from gilts.

Domestic and international investors sensed that, in the Budget, the UK government got a handle on the medium-term outlook for public borrowing. Salomon Brothers, surveying the outlook for world securities markets in a new report this week, singles out the UK as the only one of the major European economies which has begun shifting policy towards sorely-needed fiscal restraint.



If such sentiments are shared elsewhere around the world, they perhaps explain the enthusiastic reception given to the year's last gilts auction, which was heavily oversubscribed on Tuesday. The next day, the markets rallied further, as investors reacted to hints from Eddie George, the governor of the Bank of England, that another cut in short-term interest rates was likely early next year if economic growth faltered. George did not seem to feel a slowdown was likely: he said that the chancellor's expectation of 2½ per cent gdp growth next year was "plausible", a rare tribute to the beleaguered band of Treasury forecasters.

Perhaps more important, however, he played down the risks of a rise in inflation. The Bank is set to be an increasing influence over interest rate policy – George revealed that it has been given a month's leeway in deciding the timing of rate cuts instigated by the chancellor. His tone suggested that, for the foreseeable future, it is unlikely to bring the full weight of its influence to bear on the side of monetary restraint.

In anticipation of further cuts in interest rates, bank stocks were again among the biggest gainers this week. Securities firms have also gained: their employees are looking forward to big bonuses this Christmas. One influence here is the record trading volumes for November, announced by the London Stock Exchange on Tuesday. UK equities worth £52.6bn were traded in the busiest month since July 1987, at the peak of the boom that ended in a market crash that October.

The scale of the gains showed this week in the interim results of one publicly quoted securities firm, Smith New Court, which reported interim profits up five-fold to £31.3m. Prompt profit-taking pushed the shares down 11p down on the day. But the closing figure, 411p, was nearly double the 210p at which the firm made a two-for-seven rights issue in June.

The City has made so much money this year – not just because of trading volumes but because of consistently high levels of activity in all the various aspects of its business. Corporate financiers, suffering earlier this year from a shortage of lucrative takeover bids, have been able to rejoice in modest activity.

These include the first serious hostile takeover bid for a franchised television company: as the world expected, Granada joined the rush to consolidate the ITV system by bidding for LWT. Although valuing the target at £600m, the bid was a pinch-penny one: at closing prices on Monday, the day it was announced, the six new Granada shares offered for every five LWT shares were worth 582p, a discount of 0.5 per cent to the target's pre-bid share price. For shareholders who would prefer cash, the deal was even less generous: it included a cash alternative of only 528p.

Still, as Gerry Robinson, Granada's chief executive, said the offer was half as high again as the LWT share price on June 28 when Granada first bought a stake in the company. The holding now stands at 17.5 per cent, large enough to cause problems to any potential white knight – which perhaps explains Granada's confidence in its relatively low bid. LWT shares closed the week at 592p, 3.2p below the value of the Granada offer.

The Granada bid, together with the previous week's agreed bid by Carlton for Central, marks a new era in British television. New eras were in ample supply this week, though not all were so much to the liking of shareholders.

London International Group, famous for its condoms, also promised a new era. Alas, this version included interim losses, "very substantial" restructuring charges, plans to sell large parts of the business, a passed dividend, and the imminent departure of Alan Woltz, its non-executive chairman. Nothing had prepared investors for the scale of the bad news. The shares closed the week at 117p, down 31p.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3261.3	+27.1	3277.4	2737.6	Interest rate optimism
FT-SE Mid 250 Index	3601.3	+34.8	3601.3	2876.3	Growth stocks sought
Abbey National	466	+14	467	345	Interest rate optimism
BP	316	-17	362½	225	US investors turn sellers
Courtaulds Textiles	459	-87	608	421	Profits warning
Land Securities	794	+37	797	435	Strong properties
Lasmo	104	-10	195	97	Chairman to resign / dividend fears
Lloyds Abbey Life	425	-24	488	403	SIB probes life/pensions sales
London International	117	-31	274	97	Disappointing figures
Midlands Electricity	689	+44	693	424½	Interim dividend increased 20.5%
Northern Ireland Elec	250	+39	272	100	Excellent interim figures
Saatchi & Saatchi	147	-33	186	142	Gloomy trading statement
Signet	15¼	-6¼	41¼	11	Worries over trading
Standard Chartered	1212	+59	1259	576	Dividend optimism / stock shortage
Wellcome	627	-57	293	600	Concern over anti-herpes treatment

Serious Money

Spot the anomaly, then spot the risk

By Philip Coggan, personal finance editor

The launch of Hypo Foreign & Colonial's Higher Income Plan was, in retrospect, perfectly timed. Savers were just starting to wake up to the impact of falling interest rates on their investment income; a 10 per cent yield looked too good to miss. Some highly enthusiastic mailshots from independent financial advisers helped make it an enormous marketing success.

The product was undeniably new (Morgan Grenfell has since launched a similar plan) and clever. The fund was able to offer such a high income, even after deducting its charges, by using options. If you sell (or "write") an option, you receive a premium. By writing a large number of options, the fund could generate a high premium income which, through a complex process, was passed back to investors.

For those of us who were cautious about the fund, this week's developments have been particularly interesting. First, Save & Prosper abandoned plans to launch a fund on similar lines; second, the regulators issued "guidance notes" on the marketing of high income products.

Save & Prosper was all set to brief journalists on how its computer model showed that the technique led to capital erosion. Suddenly, on Wednesday morning, the briefing was cancelled (as was a planned F&C meeting in response); the following day, both sides issued statements agreeing to differ.

S&P said: "There are a number of different approaches to derivatives investment and it will not comment on the validity or efficiency of any existing unit trust or offshore fund." Hypo F&C and Morgan Grenfell said: "The two companies are confident of their funds' abilities to meet their stated objectives."

What should investors think of all this? One can become so distracted by the detail of computer models and option premiums, that one fails to see the broader picture.

There is a risk-free return in any market, which represents the return on short term government debt. At the moment, short-term UK government debt (Treasury bills) yields around 5 per cent.

Investors can earn more (around 7 per cent) from long dated gilts, but they do involve some risk. The credit risk that the government will fail to repay the debt is fairly minimal. But in the short term, there is the risk that gilts will fall in price; and in the long term, there is the risk that inflation will erode their real value.

So in current market conditions, a fund yielding 10 per cent, after expenses, must surely involve some risk to capital. If it did not, why would all the pension funds bother to hold gilts and Treasury bills?

Now, you may say, I am missing the point. These chaps at Foreign & Colonial and Morgan Grenfell are much cleverer than you and I, and they have spotted an anomaly in the market. Indeed, the two companies' statement this week hinted as much, when it said: "Based on the discussions with Save & Prosper, we believe that there are significant features of the two companies' funds which have not been explored by the models used by Save & Prosper."

It is perfectly true that market anomalies (what academics call inefficiencies) can appear. But they do not last for long. Once spotted, money floods in to exploit the anomaly. The involvement of more investors makes the market more efficient and the anomaly disappears.

Perhaps Hypo F&C and Morgan Grenfell are exploiting a temporary anomaly, but I think that investors should concentrate on the risk factor. The funds are writing call options, giving other investors the right to buy their shares. If the stock market goes down, then the shares in the funds' portfolios will fall, and the options will not be exercised. In a long, steady bear market, the attractiveness of call options would reduce, and the funds' incomes from premiums would probably fall. In short, there is a risk that capital and income will not be maintained.

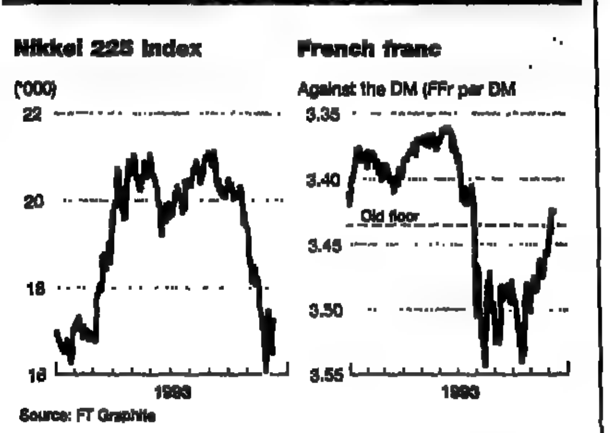
To be fair to Hypo F&C and Morgan Grenfell, they have made this quite clear. In this week's statement, they say: "These funds should not be confused with guaranteed funds; the two funds are actively managed according to market conditions. Neither capital, nor the level of income, are guaranteed." Whether investors who have bought these funds via intermediaries are aware of these factors is another matter.

The whole issue of high income products is obviously of great concern to the regulators. In some instances, rather more probably than in the case of the Hypo F&C/Morgan Grenfell bonds, the "income" received by investors is quite likely to represent merely the return of their capital.

In Lautro's guidance note, the regulator states: "Members must fairly describe the nature of the investment and the degree of risk it involves. In the context of high income products, this will generally include a reflection of the fact that higher-than-average returns are unlikely to be achieved without higher-than-average risk."

In other words, there is no such thing as a free lunch, however cleverly it is dressed up. Investors may indeed do very well out of the Hypo F & C and Morgan Grenfell plans, but they should understand that there is some risk of loss involved.

AT A GLANCE



Nikkei stages partial recovery after fall

The Tokyo stock market fell for the first half of last week, but recovered to some extent. The Nikkei index closed yesterday at 17,257.43, compared to 17,459.35 last Friday, having hit a low for the year of 16,078.71 on the previous Monday. By Wednesday this week the index had fallen to 16,507.95, but comments by the governor of the Bank of Japan caused the market to rally on Thursday.

The market's main preoccupations during the week were the prospect of a government fiscal stimulus package, together with hopes for an interest rate cut, and the continuing row over possible rice imports. The outlook from the Tankan survey of business confidence on Friday had little impact, as its contents had largely been expected by investors.

French franc rises

The French franc climbed back above its old exchange rate mechanism floor against the D-Mark this week, for the first time since pressures within the ERM forced a widening of the ERM bands in August. The franc's rise was part of a more general strengthening of ERM currencies against the D-Mark.

However, on Friday afternoon the franc slipped back below its pre-August floor, to trade at 3.426 against the D-Mark, after hitting a high of 3.4202. A week earlier, the franc was trading at 3.355 against the D-Mark.

The Belgian franc pulled back above its pre-August ERM floor last week, and the Danish krone has also been pushing towards its old band.

FT wins another award

The Financial Times was awarded the title of Newspaper of the Year by the organisation Proshare this week. Companies were asked which newspaper had done the most to encourage wider share ownership and by an overwhelming majority, they voted for the FT.

Tax rates reminder

Readers who want a concise reminder of the tax rates which apply for 1994-95 can get a free booklet by sending an sae to: Blake Martin, Pannell Kerr Forster, Liverpool L3 5UN.

Correction

Last week's piece on Enterprise Investment Schemes said qualifying companies must have traded for three years. In fact, they must trade for a minimum of three years after tax relief is obtained.

Healthy rally for smaller companies

Smaller companies have enjoyed a healthy rally over the last fortnight. The Hoare Govett Smaller Companies Index (capital gains version) rose from 1576.43 on November 25 to 1604.65 on December 2 and 1609.28 on December 9, for an overall gain of 2.1 per cent.

Wall Street

Unease dilutes the spirit of Christmas

There was more good news on the US economy this week, and more record-breaking gains in blue-chip stocks. Yet, there was also more concern about interest rates and the outlook for share prices in 1994.

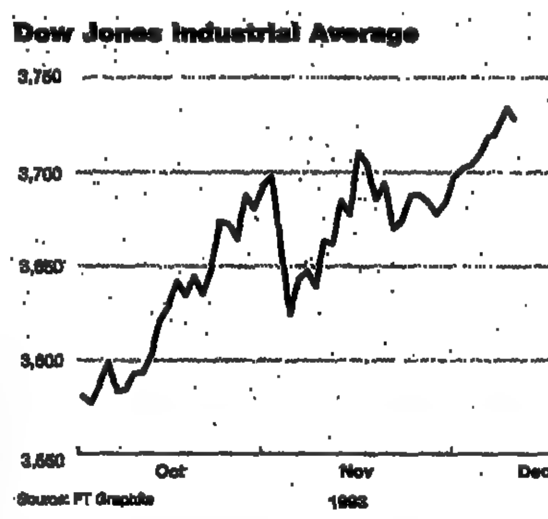
It might seem to odd to say that investors are feeling nervous when they keep driving the Dow Jones Industrial Average to new record highs, but it is clear that Wall Street is not entirely confident that the equity markets can hold their ground at these levels.

Faced with high share price valuations, analysts who believe the markets will end the year on a positive note have resorted to the less than inspiring argument that prices will go up because the markets traditionally fare well in the final few weeks of the year. The failure of the markets' other main indices - the Standard & Poor's 500, the Nasdaq composite, and the Russell 2000 - to match the Dow's recent performance suggests that investor morale is not especially deep-rooted, whatever history says about Christmas-time rallies.

The Dow has been doing well - this week, it twice closed at new highs – because statistics keep showing that economic growth has been accelerating faster than many analysts and investors had predicted. To cash in on this growth, investors have been buying cyclical stocks of companies with earnings tied to the performance of the economy – and there are a lot of cyclical stocks in the Dow average.

The Dow's performance contrasts with the recent showing from the Nasdaq, which is weighted heavily toward technology stocks – and the technology sector took a big hit this week, dragging the index down with it. The selling of technology stocks began on Monday when a Merrill Lynch analyst downgraded his investment ratings of two big semi-conductor companies, Intel and Motorola.

The analyst did this because he was worried about the prospects for the semiconductor market in 1994. His judgement appeared to be vindicated later in the week when the Semiconductor Industry Association's reading of monthly orders showed an unexpected decline. This sparked fresh selling of stocks such as Intel, National Semiconductor, Motorola, Texas Instruments, and Advanced Micro Devices.



Although the Dow was able to shrug off the losses in the technology sector, any suggestion that semiconductor sales will slow down in 1994 should give investors cause for concern, because the industry plays such a big part in the economy's overall growth.

If there is still uncertainty surrounding the outlook for share prices, analysts remain somewhat surer about where interest rates are headed next year. The problem is, they are sure rates are going up. What they remain uncertain about is *when* rates will rise, and how fast.

Although long-term interest rates fell this week – the yield on the benchmark 30-year government bond edged lower from 6.23 per cent to 6.17 per cent – it was mostly a reaction to further declines in oil prices.

Underlying sentiment in the bond market remains weak because the economy is strengthening, and the Federal Reserve is expected to react to that strength by tightening monetary policy some time next year.

The Fed is not going to wait until inflation shows signs of reviving before tightening policy, either. David Mullins, its vice chairman, said as much at the start of the week when he talked of the need for "vigilance" in view of the latest spurt in economic growth.

Stock market investors are not just worried about rising interest rates because of the effect they would have on corporate investment and consumer borrowing. People are also afraid of what a rate hike, particularly an aggressive rate hike, would do to market sentiment.

Bond prices have been in a declining trend for the past two months so, to a certain extent, a monetary tightening by the Fed is priced into bonds already. Stocks, however, have been either breaking records or staying close to all-time highs. There is simply no room in share prices at the moment to handle a rate increase. If the Fed decides to launch a pre-emptive, and solid, strike at inflation by tightening early next year, the stock markets could take a big hit.

True, the underlying strength of the economy would help to absorb the impact of the blow, but investors would be worried not so much over what rising rates might do to the economy as about what they might do to the flow of investor funds into stocks.

If short-term interest rates rise decisively next year, investors who shifted billions of dollars out of short-term money market funds into stocks might just start thinking about doing the reverse.

Patrick Harverson

Monday	3710.21	+ 06.14
Tuesday	3718.88	+ 08.67
Wednesday	3734.53	+ 15.65
Thursday	3729.78	- 04.75
Friday		

The Bottom Line

When success is not enough

Record numbers of Britons are expected to go abroad next year, despite not liking foreign countries very much.

A recent survey by travel retailer Lunn Poly found that rainy UK summers were the main reason 9m people were likely to book summer package holidays through agents in 1994. Only 8 per cent had any curiosity about the countries they planned to visit.

Investor opinion on Airtours, the second biggest holiday company, bears some resemblance to the British traveller's ambivalent view of foreign parts.

There is something undeniably attractive about a company which, in a year still tinged with recession, could increase profits by 49.2 per cent before tax and the costs of an unsuccessful bid.

Yet, as with the tourist's fear of strange food and locals who speak English only when they feel like it, there is something which prevents the stock market from embracing Airtours wholeheartedly.

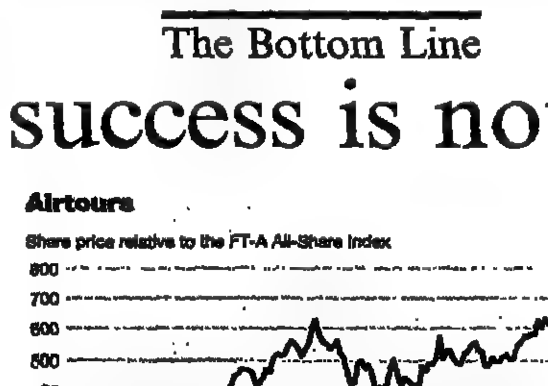
The ambivalence is not so much about Airtours as about the package tour sector as a whole. Memories of price wars and corporate collapses have not faded.

Nor has the feeling that this is a sector which newcomers can enter without much more than a telephone and a computer.

A newcomer, Inspirations, made its debut on the Unlisted Securities Market this week. The company has more than a 'phone and a computer; Vic Fatah, its chief executive, has been in the travel business for over 25 years.

Fatah founded Summed Holidays, which merged with the package tour arm of British Airways to create Redwing Holidays in 1987. He sold Redwing to tour operator Owners Abroad in 1990.

Inspirations appears to be doing well, with pre-tax profits of £2.5m for the 11 months to September 30 compared with £749,000 for the year to October 31 1992. Airtours, however, should serve as a warning to Inspirations that not even consistent success is enough to impress the stock market.



Airtours' pre-tax profits in 1993 were £45.5m, after £9m spent on a failed attempt earlier this year to take over Owners Abroad. Profits before bid costs were £54.5m, up 49.2 per cent on last year. After bid costs, they were up 24.6 per cent.

This year's figure after bid costs is an increase of 65.5 per cent on profits of £27.51m in 1991 – and 774 per cent higher than the 1989 figure of £5.21m.

Airtours' shares have not done badly. From a low of 39p at the end of January 1991, they closed yesterday at 467p. But with expected profits of £63m next year and earnings per share of 42.3p, the shares are on a prospective multiple of only 11, a little mean for a group that has shown such growth through the recession.

The package tour industry does seem established far better than in 1991, when Harry Goodman's International Leisure Group, then the second biggest operator, collapsed. Indeed, Airtours – like its larger rival, Thomson – now has its own retail chain, ensuring distribution outlets for its holidays.

Inspirations has learned the benefits of vertical integration from its larger competitors. It has struck a deal with with A.T. Mays, the fourth-largest travel retail chain.

This guarantees that around 10 per cent of the shelf space in Mays' 328 outlets will be occupied by Inspirations brochures.

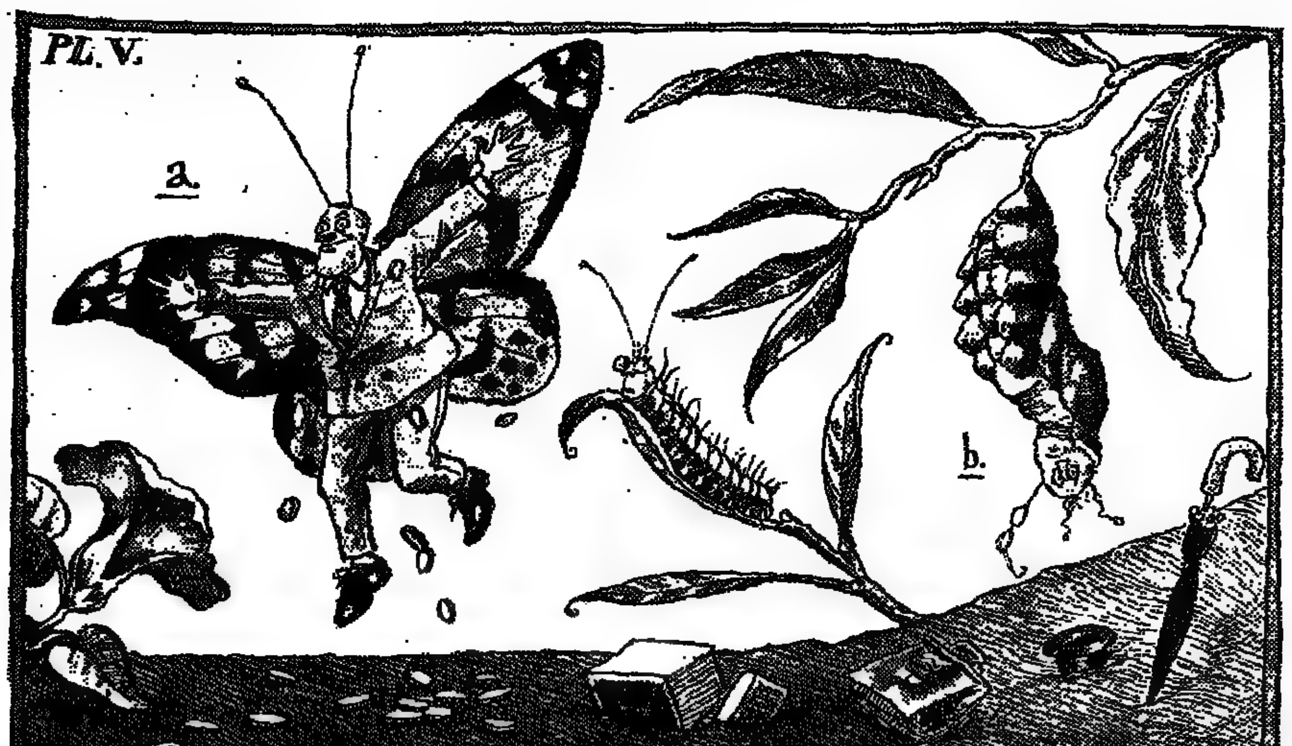
In return, Inspirations has undertaken to acquire 50 retail outlets by the end of next year, which will be run by Mays for a management fee. Fatah says the position of independent travel agents is so poor that he can buy them for 3 to 5 per cent of their turnover, compared with 10 per cent a few years back.

But however hard tour operators try, investors still fear disaster is around the corner. When Owners Abroad beat off the Airtours bid it promised shareholders a rosy future.

Soon after, it announced that profits this year would be half market expectations and that the chairman and managing director were resigning - guaranteeing sickly p/e ratios for the whole sector.

Michael Skapinker

FINANCE & THE FAMILY



The Leaders (a) and Laggards (b)

More ups than downs

***Philip Coggan** looks at the leaders and laggards of 1993*

It has been a good year to be invested in equities. Strong signs of a UK recovery, low interest rates and low inflation have combined to make investors switch out of cash and into shares and bonds. The London stock market is hovering around its all-time high.

The FT-SE 100 Index has risen 14.9 per cent this year; the FT-A All-Share Index was up 17.8 per cent. Throw in 3-4 per cent for dividend yield and investors have enjoyed a gross return of more than 20 per cent. With deposits paying 6 per cent for most of the year, it is small wonder that private investors have been buying unit trusts in record numbers.

As usual, the annual list of leaders and laggards shows that not all investors will have been lucky. The table of worst-performing Footsie stocks, for example, includes many companies which investors would normally consider "safe"; food retailers such as Argyll, Sainsbury and Tesco, growth stocks such as Wellcome.

In part, this is a cyclical shift. During the recession, investors concentrated on defensive stocks. They bought supermarket shares because consumers would always eat food; they bought drugs stocks because people would always get sick. Wellcome and Glaxo were the best performing shares of 1991.

Now that the recession seems to be over, investors have moved into the so-called cyclical stocks, which stand to gain most from recovery. Hence the appearance of British Aerospace and British Steel, two 1991 laggards, at the top of this year's leaders list.

But the reasons are not all cyclical. The food retailers are suffering because of fears that they over-expanded in the 1980s by opening too many superstores. Competition may force down their margins.

The food retailing sector is the worst performing of all the FT-Actuaries sectors this year. Worst hit was Argyll which warned that its profits would be reduced by about £40m because of its decision to start depreciating its store values.

In the Footsie leaders list, bank and property shares are dominant. Both sectors suffered in the recession. Banks now appear to be benefiting from the effect of lower interest rates on their bad debt problems, buoyant securities markets and improvements in management.

Best performing FT-SE 100 stocks

Company	% gain
British Aerospace	155.8
British Steel	127.0
Royal Bank of Scotland	116.5
Standard Chartered	114.8
Schroders	85.0
Bank of Scotland	81.7
MEPC	75.9
Land Securities	74.8
Powergen	74.7
Great Universal Stores	74.6

Source: Datastream. Figures as of December 9.

Worst performing FT-SE 100 stocks

Company	% loss
Argyll Group	-34.1
Wellcome	-30.7
J Sainsbury	-26.1
Courtaulds	-25.2
SmithKline Beecham A	-22.4
Tesco	-21.7
Ladbroke	-16.9
BOC	-15.9
Northern Foods	-15.5
Bass	-14.5

Source: Datastream. Figures as of December 9.

Best performing shares: all companies

Company	% gain
Aminex	2,104.4
Banner Homes	842.8
Regent	610.9
Dana Exploration	605.4
Lincoln House	600.6
Avesco	569.9
Merivale Moore	558.3
Comac	534.6
Corporate Services	453.9
Oceana Cons	446.4

Source: Datastream. Figures as of December 9.

Worst performing shares: all companies

Company	% loss
Raglan Property	-99.1
Hartstone Group	-84.8
Tiphook	-82.8
UK Land	-81.8
Kells Minerals	-81.5
Fairbriar	-81.3
AAF Industries	-78.1
Owen & Robinson	-77.6
Midland & Scot Res	-77.1
Starmin	-76.9

Source: Datastream. Figures to December 9.

Property shares have rebounded since Black Wednesday and apart from gold mines (unrepresented in the Footsie), property is the best performing sector this year. Lower interest rates have encouraged hopes of a recovery in the property market and increase the attractions of high-yielding property shares.

The smaller company lists are their normal eccentric selves. The best performing share of all, Aminex, is an Irish oil exploration company which attracted the attention of the Russians, with the state-owned oil group Zarubezhneftj buying an interest.

Dana Exploration, another Irish oil company in the leaders' list and one of last year's laggards, also has oil interests in the old Soviet Union. Property group Merivale Moore has also made the transformation from sinner to saint this year.

Raglan Property, the worst share of all (apart from those companies which went bust) had a massive financial restructuring which diluted the share capital. Hartstone Group is a former "go-go" stock; the hosiery and leather goods company is in refinancing talks after breaching banking covenants this summer.

The biggest casualty is Tiphook, a trailer leasing company that had a market capitalisation of more than £800m in October 1991. Old stock market hands get the shivers when the word "leasing" is mentioned – bearing in mind the fate of Sound Diffusion, Atlantic Computer et al.

They will have had their prejudices confirmed by Tiphook, where the heavily indebted and loss-making company, was this year forced to issue a warning that it was in danger of breaching its banking covenants. Investors are awaiting details of the proposed £830m sale of Tiphook's container fleet.

The dangers of the personal pension

***Debbie Harrison** looks at what the salesmen have not been telling you*

Up to 400,000 people may have been affected by mis-selling of personal pensions, according to a study commissioned by the Securities and Investment Board, the financial regulator.

Personal pensions were designed for employees who had no pension provision, not as an alternative to good occupational schemes. Unfortunately the large lump sums associated with transfers from company schemes have proved a prime target for commission-hungry salesmen.

New rules preventing further mis-selling of personal pensions are not yet in force so it is essential to understand why you are normally better off in your employer's scheme.

The majority of company schemes in the UK link the value of the pension to the employee's salary at retirement. This gives scheme members a guarantee against inflation since wages outstrip prices over the long term.

The employer, who sponsors the scheme, is under a legal obligation to provide the promised pension even if it means topping up the pension fund.

Most schemes provide a limited inflation link for the pension itself and "deferred" pensions – the benefits left behind by scheme members when they change jobs. Public sector schemes offer full index linking of pensions and also participate in the "transfer club" which allows employees to change jobs within the public sector and receive like-for-like benefits.

Most company schemes also provide death and disability benefits.

In spite of these attractions, many thousands of employees, including public sector workers, have been persuaded to transfer their occupational pension benefits to personal pensions. They have paid dearly for their ignorance.

Personal pensions do not offer the guarantees and protections available under a good final salary scheme. The product simply builds a fund which is used to buy an annuity which pays the retirement income. There is no guaranteed annuity value and no recompense if poor investment returns result in an inadequate pension. The risk is entirely with the individual.

Moreover, under a personal pension the employee foots the bill for the expensive death and disability insurances and is likely to lose the valuable company contributions since most employers will not pay into a personal pension if they operate a group scheme.

The most likely time to a transfer is on change of job. If you have been a member of the company pension scheme for more than two years you will not be allowed to take a cash refund of contributions but will have three options: to leave your money where it is, to take it with you to the new employer's scheme, or to transfer it to a personal pension.

The first, and often most sensible choice, is to leave your money in the former company's scheme as a deferred pension where it will remain until you retire. Deferred pensions can be attractive, particularly where good annual increases are paid. Since January 1991, schemes have been required by law to increase the whole of the deferred pension by price inflation, up to a maximum of 5 per cent, and some schemes are more generous.

Second, it may be appropriate to transfer your pension into the new employer's scheme. Such transfers are complex and you will need professional help to determine whether this provides better value. The newly redundant should leave their pension with the previous employer until they have a new job, so they can examine this option before looking at personal pensions.

Only when the company schemes have been examined should you consider a transfer to a personal pensions or a buy-out bond. Buy-out bonds are similar to personal pensions but offer limited guarantees and, in some cases, a higher proportion of the fund can be taken as tax-free cash.

If you would like to find out whether a personal pension or buy-out is appropriate, it is vital to obtain independent advice from a pensions specialist. This should be arranged on a fee basis so that the adviser's remuneration is not dependent on a sale. The adviser's examination should cover the following points:

- Full details of the individual's benefits under the previous employer's scheme, including whether any additional voluntary contributions payments (AVCs) were paid and any penalty on transfer.
- Benefits benefits offered under the new employer's scheme.
- What the transfer value would be worth in the new scheme. This often appears to be less than in the old scheme for a variety of reasons.
- A full "fact find" on the individual, including career prospects, attitude to risk and family insurance.

Brian Hurl, of Lexis Pension consultants, says: "Only when all this information is collated, can the adviser calculate the rate of investment growth required by the personal pension transfer to match the benefits of the previous or new employer's schemes."

The adviser must ensure that any quotation from a life office mirrors the benefit structure of the previous scheme. For example, if the scheme offers 5 per cent inflation proofing and widow's and childrens' pensions, the personal pension quotation must do so. If these are excluded, the life office will project a much higher pension.

Finally, if the decision is made to transfer to a personal pension or buy-out bond, the adviser should conduct an analysis of the provider's investment performance and charges. It is important that the plan is free of early withdrawal penalties so you can move your fund if the provider's performance is poor.

FINANCE AND THE FAMILY

Only 19 days to go

New offers rush to market as business expansion scheme enters final phase

Sponsors of business expansion schemes are speaking already of only 19 BES shopping days to go before the scheme ends on December 31. But the shopping list includes a number of new items.

One is BESSA Portman, sponsored by Close Brothers. This will buy up mainly properties repossessed by the Portman building society, to be let on assured tenancies.

The cash-backed fixed rate return is 121p after five years for every 100p invested, equivalent to an annual return of 14.8 per cent to higher-rate taxpayers.

Alternatively, investors can choose a fixed return of 80p a share plus 1p for every 1 per cent rise in interest rates (3 month Libor) each quarter, above a minimum of 5.5 per cent. The minimum investment is £2,000.

Chiltern Homes III is another scheme sponsored by Downing Corporate Finance to raise £3m for the Chiltern Hundreds Housing Association. This is aimed at providing homes at affordable rents to families on low incomes, and disabled people.

The fixed return of 128p is cash-backed and equates to an annual return of 14.2 per cent to a higher-rate taxpayer since BES 3 certificates, enabling investors to obtain tax relief, are not expected until May.

Best BES Advice, an industry analyst, recommends this issue as "a good value housing association." The minimum investment is £2,000.

Hodgson Martin has launched the Final Oxford Colleges Company, a 10-year BES with cash backing for student accommodation at St Hugh's and St Catherine's colleges.

The exit price is 160p, equating to 10 per cent a year for a higher-rate taxpayer. After five years, investors have the option of accepting an annual buy-back offer by the colleges. Minimum investment: £2,000.

Johnson Fry has launched a range of contracted exit schemes. Bradford & Bingley has an exit price of 118p (equating to an annual return of 14.1 per cent to a higher-rate taxpayer) while University of Exeter's exit price is 120p (14.27 per cent per annum).

The exit price on Mortgage Express is 121.2p (14.64 per cent a year) and University of Anglia has a fixed exit price of 125p (14.7 per cent a year), but it has no cash or bank backing. Minimum investment in any of the schemes is £3,000.

Matrix Securities, meanwhile, has increased – from 125p to 128.5p – the exit price on its Homes for the Needy for two housing associations.

As ever, potential investors should take professional advice before placing money in any of the 45 arranged exit schemes, 25 assured tenancy schemes and at least 26 trading companies now on the market.

Scheherazade Daneshkhu

Car wars spread to cards

Good news this week for high-spending Barclaycard customers who buy a new Ford Escort every three years, writes Bethan Hutton. If you spend £12,000 a year on your Barclaycard, after three years you could save £1,800 on the price of a new Ford car or van.

Ford is adding to the colourful array of credit cards already on offer to UK consumers with the launch of its own-brand credit card, in a joint venture with Barclaycard. The card will be available from April, as Visa or Mastercard, and will have the same interest rates and benefits as a standard Barclaycard except that the £10 annual fee will be waived for the first year.

Every £10 spent with the card earns one point worth 50p, which can build up towards a rebate when you buy a Ford. You can accumulate up to £500 worth of rebate points a year to a total of £1,800 over three years. The minimum rebate is £100, earned by spending £2,000.

As an added incentive, new customers can transfer balances from other credit cards and get 5 per cent knocked off the debt. So, if you owe £1,000 on one credit card and transfer it to the Ford Barclaycard, you would end up owing £950.

You do not even need a Ford-branded card to benefit from the rebate scheme – all Barclaycard's 8m customers are eligible. About 3m of them are registered already with the Profiles scheme, where every £10 earns you one point to be spent on gifts or short breaks from a catalogue (although the cheapest items are 190 points, which means that £1,900 of spending entitles you to a screwdriver set or a family day out at Kew Gardens).

Now, the same points can also be used to get a discount on Ford cars. So, if you have saved up Profile points already, you could get a discount from January.

Ford's main UK rival, Vauxhall, launched a credit card in October. The GM Card, named after Vauxhall's American parent company General Motors, is also available as Visa or Mastercard and accumulates points towards a new Vauxhall car in a similar way, to a maximum of £500 a year and £2,500 over five years.

But the GM card charges no annual fee and its interest rates are lower – at 1.53 per cent a month (APR 19.9) compared with Barclaycard's 1.585 (APR 21.9).

The Week Ahead

The new management at **Trafalgar House** is expected to undertake a thorough house-cleaning operation – including further extensive asset write-downs and provisions – when the troubled conglomerate reports its full-year results on Tuesday.

The group took £120m of provisions to cover restructuring and property write-downs at the interim stage, and a further £100m to £150m of provisions are expected to be announced. Although the group is expected to post a small underlying annual profit, the provisions are likely to result in full-year pre-tax losses of up to £250m compared with losses of £30.3m the previous year. The company has already forecast a full-year dividend of 3.25p, down from 6p a year earlier.

☐ **Asda**, the UK's fourth-biggest grocery superstore group, is expected on Friday to announce an increase in interim pre-tax profits to between £75m and £85m. The substantial increase from last year's pre-exceptional figure of £46m suggests Asda's recovery is still on course. But analysts will be keen to hear more details of how last week's sale of the Allied carpet business to Carpetland will benefit Asda's cost structure. Exceptional costs of £70m, and a goodwill write-off of £53.3m associated with the Allied sale, will be taken in the full-year figures and not in the first half.

☐ **The Daily Mail and General Trust** is expected on Wednesday to publish pre-tax profits for the year of about £73m, excluding exceptional items. This represents good progress compared with last year's profits of £59m on a similar basis, and indicates an improving environment for display advertising. But analysts will be looking particularly at the costs of recent supplement launches and the company's strategy for the electronic media.

☐ **Greene King**, the East Anglia-based brewer, is expected to report first-half pre-tax profits 11 per cent ahead at £10.5m on Monday. Beer volumes are likely to have fallen, but by less than the 3 per cent market decline. An improvement is forecast in bad debt provisions, and a substantial increase in food sales will have contributed to a good performance by the company's managed pubs.

☐ A 7 per cent increase in full-year results is forecast from **Vaux Group** on Tuesday, with pre-tax profits, before property and exceptionals, of about £26.5m. Brewing and pub operations will be boosted by acquisitions, although like-for-like beer volumes will be lower. A continued recovery can be expected from the group's hotels on the back of higher occupancy rates.

Losers to get compensation

Investors who lost money because of unauthorised investment in property by the Lancashire & Yorkshire friendly society must be compensated, the High Court ruled this week.

The 39,000 policyholders had put money in the society's Capital Secure fund, believing it was safely invested in cash deposits and gilts. In fact, the fund invested £6.8m in a hotel development near Rotherham late in the 1980s. The hotel is now valued at about £2m and is up for sale.

Another 7,000 policyholders, who were expecting a decision on whether their lump sum policies qualified for tax-exempt status, will have to wait pending renewed talks between the society and the Inland Revenue. To qualify for tax exemption, the policy normally must be funded by regular premiums.

Those eligible for compensation still face a long wait. John Ramsden, who became chairman of L&Y in 1990 after the hotel was bought, said he hoped that if the society was able to sell the hotel and get tax exemption for the disputed policies, it would be able to pay out the compensation by May or June.

Anticipating the court ruling, L&Y imposed a 12 per cent levy on policyholders in August for a compensation fund. The amount raised is £10.1m but the society estimates its maximum liability at £8.3m, a figure which includes the 7,000 lump sum policyholders; the compensation bill could be reduced if the policies finally are deemed tax-exempt.

Surplus money from the compensation fund will be returned to members' funds although, in a recent letter to them, Ramsden warned that those who leave the society will not be eligible to receive it. He advised those whose policies are due to mature to leave their money with L&Y until compensation is paid and it is clear how much can be returned.

Ramsden added: "The society's policyholders have a right to be annoyed at the past but we are doing all we can to put things right." He is considering legal action against L&Y's advisers as well as committee members when the decision to invest in property was taken.

It is hard to quantify the loss to policyholders until the society sells the hotel. When it has, compensation to those in the Capital Secure fund will be based on the difference between their policy value and what the fund should have been worth if the money had been left to grow at commercial rates of interest.

Ramsden said he very much regretted that some members "will be worse off as a result of the matters which led to the court proceedings." These are policyholders who have had to pay the levy but are not eligible to compensation.

Members will vote on the future of the society at its annual general meeting in the spring.

Scheherazade Daneshkhu

Directors' transactions

Buyers make the running

Directors have been doing a great deal more buying than selling, as reflected in our table this week. J.D. Wetherspoon is one of the new breed of pub chain. The company has grown rapidly on the back of a formula which, among other things, eschews juke boxes.

Timothy Randall the chairman, managing director and founder, has sold 350,000 shares at 330p. They came to market only in October last year but have outperformed the market since then by almost 70 per cent. Earnings are forecast to rise by over 20 per cent in the year to July 1994, which would bring the price/earnings ratio down to below 20.

Desmond Graves, a non-executive director of George Wimpey, has sold a total of 800,000 shares at prices between 183p and 186p. Construction companies have been on the mend for the past 12 months, and interim results announced in September showed Wimpey had returned to the black after reporting interim losses last time round of almost £25m. The shares have outperformed the market by 54 per cent over the past year.

The headline-hitting share purchase of the week was that of Peter Wood at Royal Bank of Scotland. He bought 1.85m shares at prices between 402p and 412p, taking his holding to almost 2.5m. Wood is responsible for the bank's Direct Line Insurance arm and profits from that have increased by leaps and bounds over the past year.

Colin Rogers, The Inside Track

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Bennett & Fount ‡	[illegible]	2½	4	2.10	Marlowe
British Syphon ‡	97	95	95	32.80	Graystone
Central Ind T/V	2600	2730	2165	758.00	Carlton Comms.
LWT	586	590	585	606.20	Granada
Multitone	143*	140	[illegible]	21.50	Champion Tech.
P-E Intl. ‡	75½	73	65	16.52	Cray Elect
Whitbread Inv Co ‡	916	916	690	514.27	Whitbread

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 10/12/93. §§Shares and cash. ¶Value of bid based on remaining 20% of shares. ¶¶Value of bid based on remaining 25% of shares. ‡ Net asset Value.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS					
Acatos & Hutcheson	FdMa	Wednesday	2.5	4.0	3.0
Albion	Text	Thursday	1.22	1.8	1.6
Archer (A J)	InTr	Thursday	2.2	2.2	0.5
Alvis	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aukett Associates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baggeridge Brick	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barcom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brunner Investment Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Burndene Investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemex International	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemring	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chiltern Radio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Daily Mail & General Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Electra Inv Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fairline Boats	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Greencore	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Group Development Capital	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hardys & Hansons	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hunters Armley	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kleinwort Charter Inv	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kunick	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M & G	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mining & Allied Supplies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Phonelink	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Polar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Richards	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sherriff Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shoprite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Southern Radio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trio Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unidare	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaux	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wheeler	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Widney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yorkshire-Tyne Tees	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS					
Abtrust Pref Inc. Inv Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amberley	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asda	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baillie Gifford Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ball (A H)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Berkeley	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bogod	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brasway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bristol Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bulmer (H P)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ensor Holding	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ewart	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
First Technology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Greene King	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Haime	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hamlet	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyd (David) Leisure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
London Electricity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
London Merchant Securities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manweb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Melville Street Invs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MS International	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norbain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Northern Electricity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plysu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reliance Security	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Schroder Split Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Siam Selective Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Southern Electric	Elec	Tuesday	5.8	14.0	-
Southern Water	Wtr	Tuesday	7.1	14.2	-
South Western Electricity	Elec	Wednesday	5.9	14.1	-
Stewart & Wight	Prop	Thursday	-	125.0	-
Sutcliffe Speakman	Chem	Thursday	-	-	-
Tinsley (Eliza)	M&MF	Friday	1.5	3.85	-
Unit Group	PP&P	Friday	-	-	-
Victoria Carpets	Text	Thursday	-	3.0	-
Waverley Mining Finance	Mine	Friday	-	-	-
Welsh Industrial Inv. Trust	InTr	Friday	-	4.0	-
Westport	C&C	Thursday	-	-	-
Yorkshire Electricity	Elec	Thursday	6.0	14.42	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. †† = 3rd Quarter figures. ★ 1st Quarter figures.

RIGHTS ISSUES

Anglo Irish Bank is to raise £55m via a 1 - 1 rights issue at 50p.
NFC is to raise £263m via a 1 - 4 rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Avesco is to raise Approx. £5m via a placing of 4.08m shares.
Wace is to raise £6.27m via a placing of 3.69m shares at 170p.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Amersham Intl	Hlth	40,000	380	1*
BAA	Tran	9,270	87	1*
Bilton	Prop	6,024	38	1*
Cater Allen	OthF	60,000	335	3*
Croda International	Chem	13,178	45	1*
Delta	Elcs	4,000	20	1
European Colour	Chem	450,000	158	1
Ferry Pickering	Pack	44,134	53	1
Frogmore Estates	Prop	50,956	250	1*
Halstead	Chem	50,000	169	1*
Ladbroke Group	H&L	125,000	201	1
Marks & Spencer	Stor	538,053	2,287	7*
Marley	BdMa	105,000	187	1*
Mirror Group	Med	21,344	35	1
Pearson	Med	26,000	156	1
SEP Industrial Hldg	EngG	190,146	63	1
Sun Alliance	InsC	50,000	180	1
Tesco	FdRe	178,831	358	1*
Trinity Intl	Med	5,000	20	1*
Vendome	Stor	25,000	84	1
Vodafone	Tele	22,000	120	1*
Wetherspoon (JD)	Brew	353,150	1,165	2
Whitbread	Brew	38,300	220	2*
Wimpey (George)	C&C	750,000	1,395	1
PURCHASES				
Bett Brothers	C&C	200,000	222	1
Bruntcliffe	Othl	74,050	25	2
Burnfield	Elcs	350,000	175	1
Crestacare	Hlth	575,000	193	6
European Small Co	InTr	36,310	41	1
Hong Kong IT Zeros	InTr	100,000	34	1
Intl Comm & Data	n/a	653,900	54	1
Lionheart	Misc	650,000	58	2
Mercury Asset Mngmt	OthF	5,000	32	1
P & O	Tran	100,000	625	1
Pantheon Intl Wts	InTr	168,114	168	5
Royal Bank of Scot	Bank	1,850,000	7,473	1
Royal Doulton	LRI	394,000	795	3
Sndrson Murray Eldr	Motr	50,000	68	1
Vistec	Elns	750,000	165	1
Wilton Group	Misc	2,500,000	38	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £20,000. Information released by the Stock Exchange 29 November – 3 December 1993.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AG Holdings	PP&P	Jul	2,910	(2,700)	11.4	(4.7)	2.0	(-)
Airtours	H&L	Sep	45,500	(36,500)	29.22	(27.47)	9.0	(7.35)
Alders	n/a	Sep	6,360	(3,440 L)	4.3	(-)	-	(-)
API	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apollo Metals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Avon Rubber	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blick	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Compass	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Countryside Property	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creston	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dobson Park Indust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eldridge Pope	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Electronic Data Proc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurocopy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Faber Prest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الاصل

FINANCE AND THE FAMILY

Skiing into trouble

Insurance is a must on snow holidays, reports ***Bethan Hutton***

Skiing holidays can do strange things to your perception of risk. Normally cautious and unsporty types launch themselves down steep, icy slopes towards cliff edges and pine trees without blinking an eye. Some even watch fanatics jumping off mountain tops with parachutes and think: "I could do that." A few, feeling their youth slipping away, may try to play teenagers on snowboards at their own game.

If you are tempted to such recklessness, but then find yourself hurtling out of control towards a group of American lawyers, it might not be much comfort at the time to know that you have £1m worth of medical cover and another £1m personal liability. Later, you could be profoundly relieved.

Insurance is essential for skiing trips, but make sure you know what you are covered for. Snowboarding is acceptable to most insurers, but many of them baulk at the idea of parapente - parachuting from mountaintops. Heli-skiing is equally unpopular.

Off-piste skiing is a tricky point. A few feet the wrong side of the piste marker is one thing, but swooping across an avalanche-prone slope on the wrong side of the mountain is quite something else. Most of the specialists cover off-piste automatically but tour operators' own travel insurance, besides being more expensive, tends to have more exclusions.

Drinking and skiing can be as dangerous as drinking and driving, although it remains more socially acceptable (at least in Europe). If you have an accident after several *glühweins* too many, most insurance companies could theoretically refuse to pay up, citing clauses which oblige skiers to take "reasonable care." But since mountain rescue teams do not usually carry breath analysers, claims are unlikely to be challenged.

Last year, specialist insurer Douglas Cox Tyrie took the controversial step of excluding theft of skis while unattended and unsecured. Thousands of pairs of skis are left propped outside mountain restaurants every day, but this clause meant you could not claim if yours were stolen. Other insurers refused to take the same view, however, and cover for unattended skis is now back.

The most important elements of ski insurance are medical expenses and personal liability cover. After that, you might want cover for general baggage and ski equipment, plus cancellation, curtailment and delay. Then there is piste closure or no-snow cover, which pays out if your skiing holiday turns into a mud-sliding one.

Some policies cover only the absolute essentials: Douglas Cox Tyrie's "mini ski" policy is just for medical expenses, personal liability and personal accident insurance. This is aimed at people whose luggage is protected under home contents insurance and who can do without cancellation and no-snow cover.

Fogg Travel also has a basic medical and liability-only package, called Medicard. The selling point is that, as the name suggests, the insurance comes with a card recognised as proof of insurance by mountain rescue services and hospitals in most European and some American resorts.

Thus, those unlucky enough to need assistance do not have to hand over their credit card first (or have their skis ripped off their feet as security). Medicard costs £16 for up to 17 days in Europe, and £35 for the rest of the world.

If you go skiing more than once a season, you might be interested in DCT's Flexiski package. This covers you for the whole season and any number of trips, although none of them can be for longer than 28 days. The policy costs £45 for the mini-ski cover and £85 for comprehensive protection.

Some people seem still to believe – dangerously – that paying for their holiday by credit card and carrying a form E111 is all they need for insurance. But this is not the case unless yours is one of the few gold cards which does provide full annual travel insurance.

The E111, which entitles British citizens to reciprocal medical care in the EC and some other countries, makes it cheaper to consult state doctors – but it does not run to mountain rescue services or private clinics. Even when the E111 can be used, you might have to pay cash at the time and reclaim it when you get home.

The table gives an idea of comparative prices, but details of cover vary and it is important to check relevant points before choosing a policy.

INCLUSIVE SKI INSURANCE

	Europe		US/Worldwide	
	10 days	17 days	10 days	17 days
AA Travelsure	£44	£44	£96.50	£96.50
Bishopsgate	£30.25	£34.65	£74.60	£93.65
BUPATravel	£31.20	£34.70	£55.40	£62
Columbus	£20*	£28‡/£36#	£45‡	£59#
Crispin Speers	£26†	£30	£50*	£55
Douglas Cox Tyrie	£31	£37	£62	£74
Fogg Travel	£33	£41.25	£69.50	£69.50
Frizzell	£33.20	£38.50	£66.40	£77
Norwich Union	£31.95	£37.20	£84.25	£103.15
Thomas Cook	£31.50†	£41.60§§	£44.75†	£61.95§§

** 8 days † 9 days §§ 24 days ‡ 15 days # 31 days.*
Rates valid until at least end December 1993 - some will rise in January

Budget turns CGT into a minefield

Scheherazade Daneshkhu plots a watchful path through the maze

Investors calculating their capital gains tax bills since the Budget change need to be both intrepid and patient since they face formidable calculations.

The withdrawal of indexation to increase or create losses took effect from the beginning of Budget day and some readers have asked how to deal with "pooled" shares – those in the same company bought at different dates.

CGT is complicated partly because the legislation has evolved piecemeal. The tax was introduced in 1965 but indexation was not implemented – initially, in a limited way – until April 6 1982 and was extended to losses by chancellor Nigel Lawson in 1985.

With 1982 as the dividing line, shares bought after April 5 that year are lumped together in one category while those bought in previous tax years are treated separately.

If you bought several lots of shares in the same company after April 5 1982, the cost of each share for CGT purposes is the average cost of acquiring the shares in the pool (except shares sold within 10 days of acquisition).

The cost of shares bought before 1982 is put at their market value on March 31 1982, if you have elected to ignore the original cost of all assets held on that day.

You have a separate pool for each company and for each class of share. You must keep tally of the actual spending and indexed spending of your pool each time there is a sale or purchase. The indexation allowance is then the difference between the indexed spending and the actual unindexed spending.

What is the effect of the Budget change on the calculations? The following examples are provided by chartered accountant Touche Ross.

■ **Pooled shares bought after April 5 1982**

Suppose you bought 1,000 shares in April 1982 (after April 5) for £2,000 and another 1,000 in the same company in September 1991 for £7,000. You sold 1,000 shares on November 29 for £4,000 and the remaining 1,000 shares on Budget day for £4,000 as well. You have made an overall (unindexed) loss of £1,000, since you paid a total of £9,000 for the shares but sold them for £8,000.

Using the indexation factors released by the Inland Revenue, and published each month in the *Weekend FT*, the indexed cost of the April 1982 batch of shares, up to the purchase of the second batch, is £3,322 (£2,000 x 1.661 – the indexation factor from April 1982 to September 1991). Add to this the spending on the second batch to get £10,322.

You sold shares on November 29. The new indexed cost is £10,870 (£10,332 x 1.053 – the indexation factor from September 1991 to October 1993, the last month for which figures are available). Since half the shares were sold on November 29, the indexed cost of the 1,000 shares sold on that day is half the total indexed cost, namely £5,435 (£10,870 ÷ 2). The proceeds from the sale were £4,000, leaving you with an allowable loss of £1,435 (£5,435-£4,000).

The situation for the shares sold on Budget day is very different. The proceeds must be deducted from the unindexed cost of £4,500 (half the £9,000 for which the two batches of shares were bought), leaving you with an allowable loss of only £500.

If you had sold all the shares on November 29, your allowable loss would have been £2,870, instead of £1,935 as a result of postponing the sale of half of them until Budget day.

■ **Pooled shares bought both before and after 1982**

Suppose you held 1,000 shares on April 5 1982 with a March 31 1982 value of £2,000. You bought another 1,000 shares in the same company in June 1986 for £7,000 and you sold the whole lot for £8,000 last month.

If you sold them before Budget day, your allowable loss is £5,720. This is arrived at by multiplying the price paid for the shares by the relevant indexation factors to obtain the indexed cost of the shares. The indexed March 31 1982 value of the first 1,000 shares is £3,570 (£2,000 x 1.785). The indexed cost of the second 1,000 shares is £10,150 (£7,000 x 1.450).

The proceeds of £8,000 must be subtracted from the sum of these two indexed costs, leaving you with an allowable loss of £5,720 (£13,720-£8,000). If, however, you sold the shares on Budget day, your allowable loss would be much less.

The deemed cost of the March 31 1982 shares is still indexed to £3,570 (because that is less than the £4,000 proceeds); but the second 1,000 shares, which you bought for £7,000, cannot be indexed since that is more than the £4,000 proceeds. Adding the two figures together and subtracting the total proceeds of £8,000 leaves you with an allowable loss of only £2,570 (£10,570 - £8,000).

Lenders lower rates

With the Budget out of the way, most lenders felt safe emerging from purdah this week, after the half percentage point cut on November 23, to announce changes to their mortgage and savings rates.

Halifax, the largest lender, said on Tuesday that it was reducing its standard variable mortgage rate for new borrowers, by 0.35 of a point to 7.64 per cent, its lowest for 25 years. The new rate comes into effect for existing borrowers from January 1. The reduction means a drop in payments of £11.75 a month for a £60,000 repayment mortgage.

The new mortgage rate undercut Nationwide, National & Provincial, National Westminster and Lloyds banks which had all lowered their rates by 0.25 of a point to 7.74 per cent soon after the base rate reduction.

N&P subsequently reduced its rate to match Halifax. There are now two main mortgage rate camps: those following Halifax with a standard variable rate of 7.64 per cent which include Alliance & Leicester, Cheltenham & Gloucester, TSB, N&P and Derbyshire, and those following Nationwide with 7.74 per cent. These are Abbey National, Leeds Permanent, Lloyds, NatWest and Midland Bank.

Savers dependent on deposits face a further erosion in income. Institutions are following their usual policy of making their savers feel the pain of falling interest rates well before their borrowers who have to wait, for the most part, until January before they benefit from the drop in mortgage rates. Moreover, savings rates are cut more deeply than mortgage rates.

Royal Bank of Scotland, for example, is passing on the full 0.5 point reduction to borrowers, taking its mortgage rate to 7.49 per cent but it has also reduced interest on Royal Reward, its 90-day bonus account, by up to 0.9 of a percentage point off the gross rate on most bands. Someone in the £10,000-£24,999 band receives 4.3 per cent gross (with a 2 per cent bonus if no withdrawals are made in a year).

Leeds Permanent has reduced gross rates on its Liquid Gold instant access account and Solid Gold, three month notice account by a more modest 0.35 of a point across most bands. The gross rate on a deposit in Liquid Gold between £10,000-£24,999 is 4.7 gross (3.53 net). It is 5.4 per cent gross (4.05 net) in the same band in the Solid Gold account.

Britannia building society has cut its mortgage rate from 7.99 per cent to 7.75 per cent and reduced savings rates mostly by 0.5 of a percentage point. Alliance & Leicester has reduced its Bonus 90 savings account by between 0.25 and 0.4 of a point while Nationwide has cut most of its savings rates by 0.5 of a point. C&G's London Share postal account now pays 6.05 per cent gross (4.54 net), down from 6.25 gross and C&G has also cut almost all its other savings accounts.

Lower interest rates have spawned a batch of fixed mortgage rates (all have early redemption penalties). NatWest's new rates are 6.25 per cent until January 31 1996, 7.25 per cent to January 31 1999 and 7.95 per cent to January 31 2004. The arrangement fee is £250 and there are no insurance tie-ins.

Nationwide's new five-year fix is at 7.25 per cent. The valuation is free and the fee of £250 is refundable on completion. C&G's five-year fix at 6.99 per cent, launched last month, is still available for an application fee of £250. TSB is offering a capped rate of 7.25 per cent until February 28 1999 in addition to its existing cap of 6.75 per cent until February 28 1997. Arrangement fees are £250 and £195 respectively. The society's buildings and contents insurance has to be taken out.

Alliance & Leicester's new range is from 5.45 per cent on a one year fix to 7.4 per cent for five years. The arrangement fee is 0.5 per cent of the loan up to a maximum of £300 and borrowers must take out buildings and contents insurance through the society.

Scheherazade Daneshkhu

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.50%B	Yly
Skipton BS	High Street	0756 700511	Instant	£2,000	6.75%	Yly
Northern Rock BS	Postal	0500 505000	Postal	£10,000	6.85%	Yly
				£20,000	7.10%	Yly
NOTICE A/cs and BONDS						
North of England BS	Edinburgh 30	091 510 0049	30 Day	£25,000	7.25%	Yly
Teachers' BS	Minster 90	0800 378669	90 Day	£1,000	6.50%	Yly
National Counties BS	90 Day	0372 742211	90 Day	£10,000	6.80%	Yly
Chelsea BS	Base Rate Plus II	0800 272505	1.4.95	£5,000	7.50%A	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.30%B	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 Day	£10,000	6.55%	Mly
				£25,000	7.11%	Mly
West Bromwich BS	180 Day	021 525 7070	180 Day	£50,000	7.35%	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
Progressive BS		0232 244926	5 Year	£1	7.75%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.00%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.60%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.69%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£10,000	6.75%	Yly
				£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.30%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	4.78%	Yly
Financial Assurance FN		081 367 6000	3 Year	£50,000	5.20%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	5.65%	Yly
Liberty Life FN		081 440 8210	5 Year	£5,000	6.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. A = Rate guaranteed to be 1.5% above base rate (min 7.5%) until 2.4.94 and then 1% until maturity. B = 10 days loss of interest on all withdrawals. Rate guaranteed to 28.2.94. G = 6.5 per cent on balances of £25,000 and over. H = 7.25 per cent for balances of £25,000 and over.
I = 6.74 per cent on balances of £20,000 and over.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

A daughter's greedy friend

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

My wife and I have drawn up reciprocal wills under which all our estate on the death of one of us will go entirely to the survivor and, in the event of the latter's death, the remainder will be divided equally between our spinster daughter and our married son.

However, a problem has arisen in that our daughter is living with a woman partner whose domination and cupidity lead me to think that she will share in any legacy bestowed on our daughter. I have no wish that this woman should benefit under my own will.

Without necessarily obliging my wife to follow suit, I would like advice on how to make sure that the part of our joint estate which goes to our daughter does not pass under the control of her lesbian friend.

The estate is to be administered by our solicitors, acting as trustees.

■ At present, your children would receive the estate absolutely on the death of the survivor of yourself and your wife. This could enable your daughter's friend to enjoy the property.

It might be more appropriate for you to draw up a will trust so that, on the death of the survivor, the income is payable to your daughter but she has no entitlement to the capital other than at the discretion of the trustees.

It is, of course, crucial that the trustees are chosen carefully, and you might wish to leave a side letter instructing them how they are to act.

In this event, the income would be your daughter's as of right and her friend could enjoy part of it – but not the capital.

If, however, your daughter made an adequate case to receive an element of the capital within the trust, then the trustees could be happy to advance capital if they were satisfied that her friend would not enjoy that capital at the same time.

An alternative form of trust which could be even more appropriate is a discretionary one, under which payments of income or capital could be made to your daughter only at the discretion of the trustees without her having any entitlement to payment as of right.

In any case, I suggest that both of you take legal advice on re-drafting your wills.

This reply was provided by Barry Stillerman of accountant Stoy Hayward.

Pension payments

I am self-employed and subscribe to a personal pension plan. I also claim capital allowance on my tax.

Is the maximum contribution that I can pay to my pension plan based on my gross earnings before or after capital allowances?

■ It is based on your earnings after deducting capital allowances (by virtue of sections *640(1) and 646(2)(d) of the* Income and Corporation Taxes Act 1988). Ask your tax office for the free pamphlet IR78 (Personal pensions: a guide for tax).

Joust one of those things

Clive Fewins meets a Black Knight who has fought back from reverses

Nineteen years ago, Trooper Anthony Edwards was a Queen's Life Guard when, aged 22, he fell from a horse and broke his back. Since then, he has broken his pelvis, too; that kept him out of the saddle for 18 months.

Now, though, he rides again – with the Quorn Hunt – and doubles up each summer as the Black Knight, staging "authentic jousting as seen in the 12th century" and leading a 16-strong troupe of knights, squires, men-at-arms, assorted jesters, minstrels, falconers, fire-eaters, acrobats, dancers and story-tellers.

He also owns a restaurant, Squires, which he opened this spring near the village of Burton-on-the-Wolds, a few miles from Melton Mowbray in Leicestershire. Squires, which is a partnership with Trevor Eggleston – a farmer who is Edwards' landlord, old friend and chief backer – is a means of keeping Black Knight Medieval Entertainments solvent.

The jousts just about break even for the five months a year they operate with the help of much sweat, many tears, occasional (real) blood and a £9,000 overdraft from a sympathetic Leicester bank manager. "It is too soon to say if the restaurant will be a success," said Edwards. "But the building was a ruin when Trevor and I got cracking on it last October.

"Trevor paid for all the conversion work, which we did together, and the building is now worth £250,000. If the venture should fail, Trevor will hold all the equity, minus what he pays me for my labours at the conversion stage."

So far, the signs are good. Squires operates in the evenings from Wednesdays to Saturdays and at lunchtime on Sundays, and the 38 covers are increasingly full. Edwards does the cooking, aided by a commis chef. His wife, Amanda, is in charge front of house, assisted by several part-time staff.

"When I took on a pub near here in 1974, it was taking in £200 a week. Twelve years later, when I left, we were turning over £250,000 a year and £1,000 on a good night in the restaurant we had created," Edwards said.

Squires is already beginning to supplement the Edwards' family fortunes, which were at a low ebb in October 1992 when debts were rising at an alarming rate. "Black Knight had been going eight years – I had been running it in parallel with the successful pub business," Edwards said. "But we had lost £27,000 on a property and large piece of land near Marbella in southern Spain that we had unsuccessfully tried to buy as the location for the first Squires restaurant.

"Under the Spanish *trespasso* (lease) system, if you can't raise all the money you forfeit the money you originally put down. In our case, we were just £6,000 short of the £33,000 needed to buy a plot that made £6.35m when it was next sold."

So when, in 1992, the chance to team up with Eggleston presented itself, Edwards saw it as the ideal way to restore his fortunes and keep the Black Knight on his charger. "The boys would be devastated if Black Knight were to close down," Edwards said. "They are all as fanatical about jousting as me. Like me, many of them have been enthusiasts since their youth."

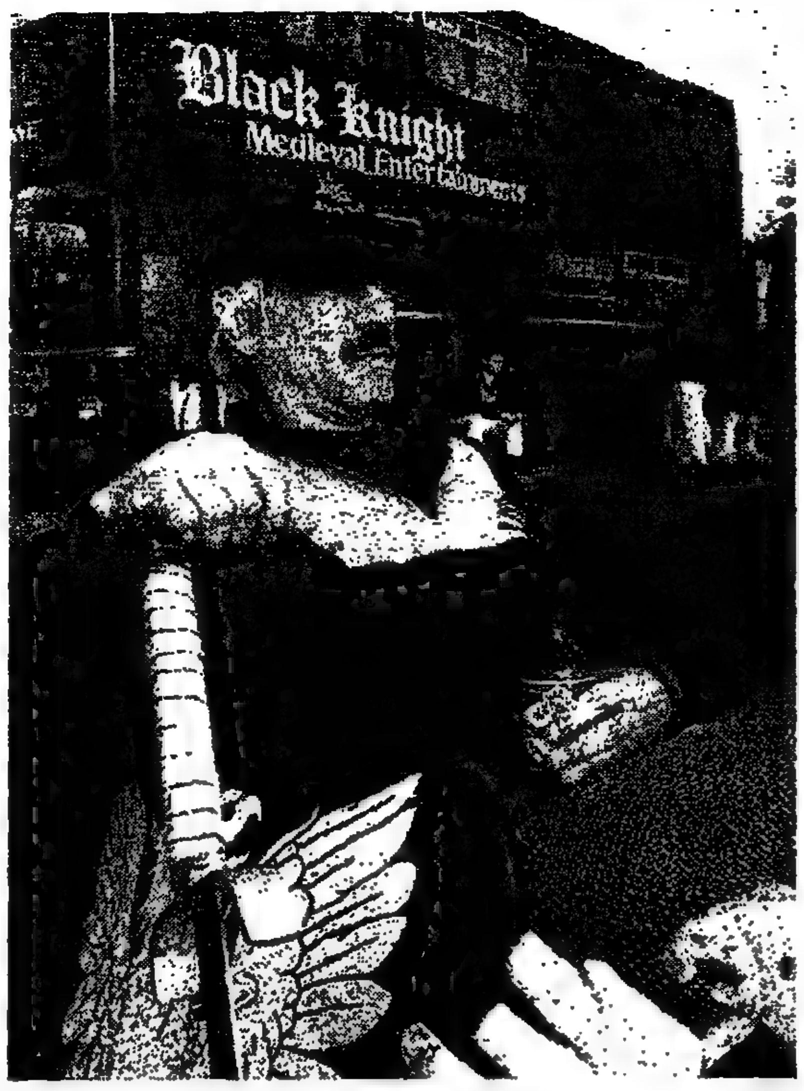
"The boys," 23 of them, include daytime storemen, carpenters, car mechanics, a stone mason and several students. All unpaid volunteers, they gladly pay their own insurance and are the core from which the 16-strong troupe is chosen when, nearly every weekend in the summer months, the Black Knight takes to the road.

The troupe owns six horses and a 1976 Scania bus bought from Leicester city council. The bus transports and sleeps the horses, the performers and two grooms as they travel around Britain.

The company gives two carefully-choreographed jousting performances which last 30 minutes and 40 minutes. Black Knight charges £2,000 for the total 70-minute show. Every move is rehearsed meticulously.

In a good year, the troupe will do 25 shows, grossing around £50,000. Although Edwards aims at 20 per cent profit after paying the expenses of his volunteers and other costly items such as the upkeep of the horses, he rarely reaches this figure.

"In 1986, when I gave up the pub, I was earning £30,000 a year," he said. "But we sold our large house with five bedrooms and three bathrooms to finance the Spanish venture so, since then, life has been very hand-to-mouth."



Stephen Woods

A relaxed knight: Tony Edwards takes a break from jousting

Edwards' fertile mind has alighted, however, on another grand strategy to raise capital and run in parallel with both Squires and The Black Knight. Next spring, he will launch the Black Knight Medieval Banqueting and Jousting Roadshow.

This is an attempt to move the Black Knight show indoors so that it is available to both corporate and private clients throughout the year. Edwards has an interest-free, hire purchase arrangement with the manufacturers for a 200 ft by 50 ft tented pavilion to house the mobile medieval experience. The tent costs £65,000 but Edwards will pay for it over two years. He has had to pay only £6,500 so far.

The indoor shows will feature a display of skills including quintaining (tilting at a target post), carouseling (picking up hoops with a lance) and pig sticking, as well as jousting and much hand-to-hand fighting with broadswords, double-handed swords, axes, balls and chains and staffs. The rest of the evening will be taken up with a banquet and music, probably of a more modern kind.

"This has the potential of being a £1m business," Edwards said. "The full capacity of the tented structure is 325 and the cost is £35 a head. I reckon we need 30 shows a year to break even, but we have the capacity to do three shows a week for a 44-week season; that is, 132 shows a year. That's a turnover of more than £1.5m a year. I am aiming at 30 per cent profit – that is half a million pounds a year."

Edwards has written to 200 companies seeking sponsorship for the venture, to the tune of £35,000. "So far, 30 have refused, but we still have 170 to go," he said.

■ *Black Knight Medieval Entertainments, The Stables, Frisby Turn, Frisby-on-the-Wreake, Melton Mowbray, Leicestershire LE14 3NS. Tel. 0509-880 980.*

Computing/David Carter

Where accountants can meet Sonic

David Carter discovers a bargain PC which is ideal for small business users and their children

Earlier this year, Amstrad introduced the Mega PC, designed for small business users who want to do their accounts and correspondence at home and relax during the evenings by playing a computer game or two. The advertising trumpets it as "... the best of both worlds, a fully featured IBM-compatible PC and a Sega Megadrive-compatible console – all in one superbly engineered unit".

Sales were slow, but the price has been reduced from £999, first to £699, then recently down to £426 plus VAT.

My eight-year old son gave the thumbs up to the Sega Megadrive, but I was mainly interested in business applications. For some time now I have been looking for a cheap demonstration machine which I can take round to prospective customers. With a 386SX, 25 MHz processor, one megabyte of RAM and a 40 megabyte disk, the Mega PC makes an ideal small business computer.

The great attraction of the Mega PC is the price. I looked through the PC magazines but could not find anything near £426. There are one or two PCs at £699 plus VAT, but most are at least double the Mega's price.

I rang my local Ryman's Computer Store and asked if they stocked the Mega PC: "No sir, it's not powerful enough for a business machine. It's only suitable for games." Dixon's told me the Mega PC was not available at all stores but they would be able to get hold of one for me. If they could not, what was their cheapest off-the-shelf machine? A PC with 486SX/25 MHz chip, 100 megabytes of disk, and four megabytes of RAM at £940: nearly twice the price of the Amstrad.

The PC magazines give the impression that the *minimum* configuration for a PC these days is a 486SX/25 MHz processor, four megabytes of RAM, and a 100 megabyte disk drive. This is tosh. I have plenty of customers running their businesses quite happily on a PC with a 286 processor and a 20 megabyte disk.

So what's going on? The answer lies in one word: *Windows*.

My customers running their businesses on a 286 are working under the DOS operating system. *Windows* – the "Graphical User Interface" which Microsoft has added on to DOS – demands an enormous amount of machine power. So, while a 286 processor under simple DOS will give you instant response, to get the same speed with *Windows*, you need a vastly more powerful, and hence more expensive machine, such as a 486SX.

Windows' tendency to crash makes it unsuitable for 'mission-critical' application such as accounting.

Obviously, it is in the interest of manufacturers and retailers to persuade the public that they must have leading-edge technology running under *Windows* and a load of powerful and expensive machinery to run it. But the simple fact is that they do not.

The key benefit of *Windows* is in producing on-screen design work. If you produce reports which need to look good and to impress, or you need to produce complex documents which combine text, graphs and illustrations, *Windows* is great. But if you simply want to produce one-page business letters or to run your accounts, the two principal reasons for which small businesses buy computers, *Windows* is unnecessary.

Indeed the tendency of *Windows'* to short-circuit (in the jargon, to "crash") makes it an unsuitable platform to run a "mission-critical" application such as accounting. If your machine crashes at the wrong time you may corrupt the entire accounting database. For this reason *Windows* has made negligible inroads into the accounting marketplace (a recent survey by consultants Tate Bramald and the Institute of Certified Accountants found fewer than 1 per cent of companies use a *Windows* package to run their accounts).

The basic Mega PC comes with the DOS operating system, but you will need to buy a software package or two to run on it. *TAS Books* (£99 from Megatech, 081-874-6511) is a good accounts package, or for the non-accountant there is *Quicken for DOS* (£42.51 from Intuit 0800-585058).

I would also go for a cheap "integrated" package combining word processor, spreadsheet and database. The best, and the one I give my customers, is Microsoft Works Version 3 for DOS (mail order price about £89.95 from Computers by Post, 081-760-0014). But *Works* presupposes considerable prior knowledge of computer concepts. *PFS First Choice* is less sophisticated and therefore easier to learn (£76.50 with *PFS First Publisher* from Best Buys 0800-317307). Prices exclude postage and VAT.

■ *You may have to shop around for an Amstrad Mega PC. It is available from retail chains such as Tandy, Comet, Tempo, and some branches of Dixons. Alternatively try mail order suppliers such as P & P (071-265-4570) or Evesham Micros (0386-765500).*

Escaping the annuity trap

As rates fall, William Burrows suggests ways to achieve better returns

The Budget seems to have satisfied the markets that public spending and inflation are under control. As a result, the gilts market has rallied and, consequently, yields have dropped again. This has triggered more falls in annuity rates; five companies cut theirs last week.

With these rates at their lowest for more than 20 years, some advisers are arguing that conventional annuities are providing bad value for money because those holding them are being locked into a low-yielding investment from which there is no escape.

It is, however, now possible to escape from the annuity straitjacket by considering some other types of annuity. These include with-profits and unit-linked annuities, and self-invested annuities. The main advantage of these options is that those who have annuities are not locked into a low-yielding investment for life but can benefit from future investment returns.

The chart shows how annuity rates have fallen by nearly 25 per cent since 1990. Rates move in parallel to medium-dated gilt yields and, if interest rates fall, so will annuity rates (but not by the same degree).

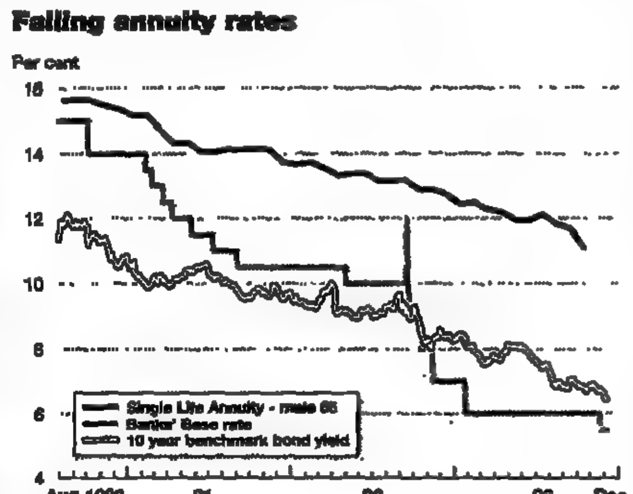
The timing of an annuity purchase is probably the most important factor when trying to maximise pension income. But correct timing is affected by three variables: annuity rates increase with age; they rise and fall with investment yields; and the accumulated pension fund depends on prevailing unit prices.

Many people are delaying buying an annuity because they expect rates to rise in the future. But they may be failing to take into account the real cost of the lost income.

For example, a male of 65 with a pension fund of £100,000 can get £11,120 a year. If he decided to buy an annuity at 66, then, if the fund grew by 6 per cent and rates stayed the same, he would receive £12,050, an increase of £930. But he would have lost out on that year's income of £11,120.

Clearly, there is an opportunity cost in delaying the purchase of an annuity, and this is difficult to calculate. With annuities which are linked to investment funds, it does not matter if annuity rates are low because the starting income need not be calculated with reference to present gilt yields.

Falling annuity rates



Source: Datastream

ANNUITY RATES AS OF DECEMBER 7

Compulsory purchase annuity			
Male age 55	Annuity	Female age 50	Annuity
1 RNPFN	£9,219.12	RNPFN	£8,014.80
2 Equitable Life	£8,960.04	Sun Life	£7,668.24
3 LAS	£8,773.80	Equitable Life	£7,602.96
Compulsory purchase annuity			
Male Age 60	Annuity	Female Age 60	Annuity
1 RNPFN	£10,229.16	RNPFN	£9,250.68
2 Equitable Life	£9,887.04	NPI	£8,900.04
3 NPI	£9,708.12	Equitable Life	£8,706.96
Compulsory purchase annuity			
Male age 70	Annuity	Female age 70	Annuity
1 RNPFN	£13,758.96	RNPFN	£11,825.88
2 Equitable Life	£12,843.96	NPI	£11,001.24
3 Norwich Union	£12,821.00	Equitable Life	£10,932.96
Joint Life – 100% spouse's benefit			
Male 60/Female 57	Annuity	Male 65/Female 63	Annuity
1 RNPFN	£8,130.12	RNPFN	£8,890.44
2 Sun Life	£7,821.84	Equitable Life	£8,444.04
3 Equitable Life	£7,781.04	NPI	£8,435.28

All annuities quoted above have a purchase price of £100,000. Payments are monthly in advance. RNPFN annuities are exclusively available to those in the nursing and allied professions. Figures supplied by the Annuity Bureau Limited, Enterprise House, 59-65 Upper Ground, London SE1 9PQ. Telephone 071 620 4090.

The annual pension with a with-profits annuity is calculated by referring to the performance of the underlying with-profits fund. As bonuses are awarded only once each year, an anticipated bonus level is selected at the start.

If, for example, an 8 per cent bonus (at present, the highest allowed) was selected, the starting income would be about the same as a guaranteed annuity – but would increase by 2 per cent if a 10 per cent bonus was declared. If the bonus was only 6 per cent, then the income would fall by 2 per cent.

There is a danger that with-profits annuities can fall if future bonuses are lower than expected. But as the starting annuity is calculated without reference to gilt yields, they appear good value when annuity rates are low and, consequently, are not so attractive when rates are high. Only Prudential (which has a minimum purchase price of £100,000) and Equitable Life offer with-profits annuity contracts.

Unit-linked annuities work in a simpler way but units are cashed to provide the pension payments. These are a much riskier investment and not many policies are sold.

Self-invested annuities are a revolutionary idea. Say £100,000 was invested and 25 per cent taken as tax-free cash. The balance would be invested in one or more unit-linked or with-profits pension funds.

A level of income is selected which is somewhere between a minimum of 5 per cent and the maximum. If, say, 8 per cent is chosen, then the relevant number of units are cashed each time a payment is made. If the fund grows by 10 per cent a year, the pension fund will grow by 2 per cent (ignoring charges); but if the fund grew by only 6 per cent, then the fund would reduce in size.

The level of income can be reviewed each year and the investments switched between funds. Part or all of the fund can be converted into a conventional annuity at any time.

One very important aspect is that the managed annuity should continue to be paid to dependants after the holder dies. Unlike conventional annuities, spouse's pensions do not have to be bought at the outset. At present, this contract is offered only by Equitable Life, which calls it the managed annuity, but other companies are designing similar contracts.

Managed annuities are available only for personal or self-employed pensions. It might be possible to transfer the pension from a company-sponsored scheme to a personal plan, but professional advice must be sought.

In deciding which annuity is best for any given set of circumstances, there are three important considerations:

■ Value for money. Many people feel that guaranteed annuities give poor value for money and the other options provide better returns.

■ *Peace of mind and security.* This means different things to different people but some will prefer a guaranteed annuity, where the benefits are known in advance, to a pension that depends on the stock market. Investment-linked pensions are not suitable for people who require a guaranteed income or do not want to take risks.

■ Flexibility. There is a tendency to view the need for retirement income as being static, but many people can look forward to receiving lump sums from insurance plans, inheritances or investments. With managed annuities, pension income can be tailored to meet specific requirements.

Now that there is more choice, it is important to take professional advice about your retirement options. You do not need to be a victim of low rates, but better returns come only with greater risk.

■ *William Burrows is annuity director of London-based Annuity Direct.*

GARDENING

How impulse can cost you the earth

Robin Lane Fox finds astonishing price differences at garden centres

We all watch the retail price index for its ups and downs: I am a keener observer of the impulse index. This tells you what percentage you have to pay for buying on the spur of the moment and not shopping around.

In December, it outperforms the FT index. It is particularly fascinating to keen gardeners who are, usually, peasants at heart. The index tells them something about fellow gardeners who are not such peasants and are not so keen on the dirty bits of their shared pastime.

To work out the index, you must price what you want at two or three different places on the road into central London. Begin with its origin, then its first significant urban outlet, and then its final resting place in the vibrant heart of today's capital where everybody is cutting each other's throat.

Those of us who go back to a product's origin are said in the trade to be "sourcing". My sourcing begins where the wolds first become evident in the Cotswolds. Away from the A40, white-flowered jasmine, 3ft high, is being sold by growers at prices between £5 and £7; large-flowered cyclamen, with eight to 10 flowers and as many young buds, cost £3; small cyclamen persicum cost £1.50, also in full flower and bud; mistletoe costs £1, and you could throw in a few universal pansies if you really wanted them.

Similar growers extend westwards through the former Vale of Evesham, and nobody would buy from them merely on impulse: you must have decided what you want from a plastic tunnel, even if you are then tempted to add something else.

To plot the impulse index, you then follow the items eastwards into London. I begin with the simplest example. Mistletoe is simply mistletoe, on a two-pronged branch without any scope for debate about British Standards or quality guarantees. Now, two of the capital's leading garden centres are the Clifton Nurseries in Little Venice and the Chelsea Gardener in Sydney Street. Unlike me, they have to pay their staff, buy only the best and pay business rates on top. Which brings me back to mistletoe. In the wolds, it costs £1; in Oxford's garden centres, it sells for £1.40 upwards; but in the vibrant heart of London, at the Chelsea Gardener, it costs £5.

The index really jumps when it comes to jasmine. There are plenty of buds on my two jasmines, 4ft high on their bamboo canes. I bought them last year for £5 apiece but I really should be touting them in London. White jasmine in Little Venice is selling at my size for £40 each, while in Sydney Street it costs £49.95.

Naturally, you would want me to plot the impulse index for Christmas trees, but they have become as hard to follow as the subtle variations between fresh, freshly squeezed, pure and real orange juice. Clifton Nurseries issues a helpful guide to the options, reminding us – rightly – that the traditional Norway spruce is the first to drop its needles; that the Nordmann fir is a soft grey-green and less of a dropper; and that the thickly-branched blue spruce is the best at keeping its needles.

In Oxford garden centres, a 4ft-high blue spruce costs £12.35; in Sydney Street, it is £32.95. A 7ft traditional Norway Dropper will cost you £7 in the wolds (the traditional pricing of £1 a foot still holds up farmers' driveways), £12 in Oxford, £21.50 at Clifton and £22.95 at the Chelsea Gardener.

I am not sure that sourcing accounts for any of the Oxford-London differential as all the shops have left previous labels on their blue Norway spruces. These state that the trees have all been sourced from the same place – the Yattendon Estate, which flogs them off in a coniferous bit of Berkshire.

Urban garden centres thrive on impulse and occupy extremely valuable sites, so who am I to wish them other than the best of luck? It must be fun putting the stickers on the big specimens which must set somebody's impulses racing: £152 for a standard holly at Clifton Nurseries; £99 for a bay tree in Chelsea. The latter tempted me mightily with some camellias with immaculate leaves and upper shoots about 6ft high: they cost £84 each for people who cannot wait.

Londoners may be particularly impulsive, but the truth is that shoppers at garden centres anywhere will go over the top for a plant which looks upright and "fully grown". Why not trim the side stems of your shrubs and sell them off as standards at five times the price? In Oxford, an ordinary yellow-berried cotoneaster is costing £29.95 already in a standard shape. It might be worth running it up to the Kings Road in Chelsea on spec to see if you could palm it off on somebody for as much again.

Are my fellow gardeners nits? From a nurseryman, £5.50 would buy you my top Christmas present for anyone who is keen and green: the cream and grey-green rhamnus, which will flourish on a south or west wall. It costs more in a garden centre; in Little Venice, it is £9.95, and in Chelsea it sets you back £14.95, with no variation in quality.

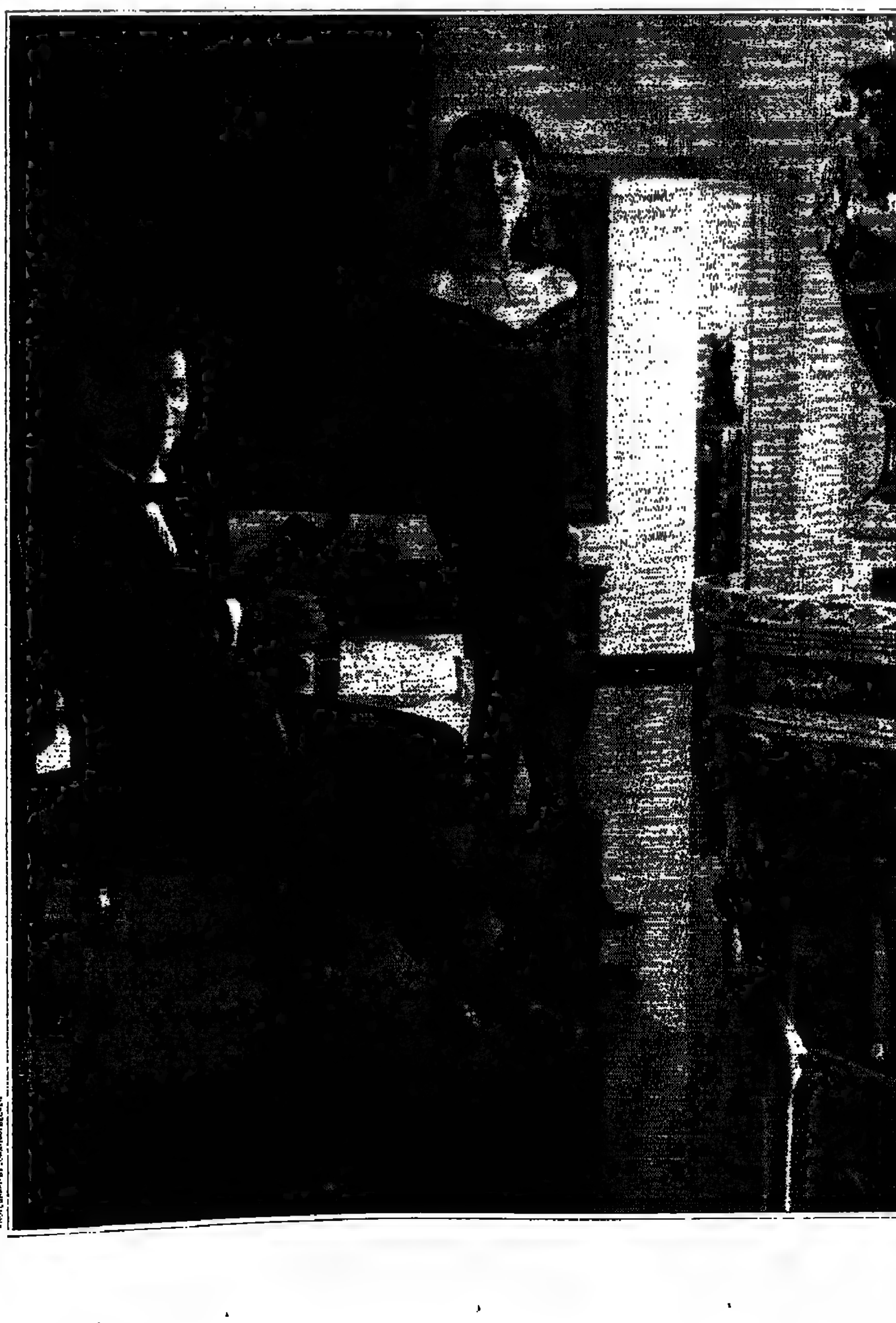
Certainly, the nits are impatient: if you look on plants as interior decor which go in a "room outside", perhaps it is not so nittish to go straight out and buy one which jumps the queue of two growing seasons and is needlessly big. I do, however, appreciate the nit traps.

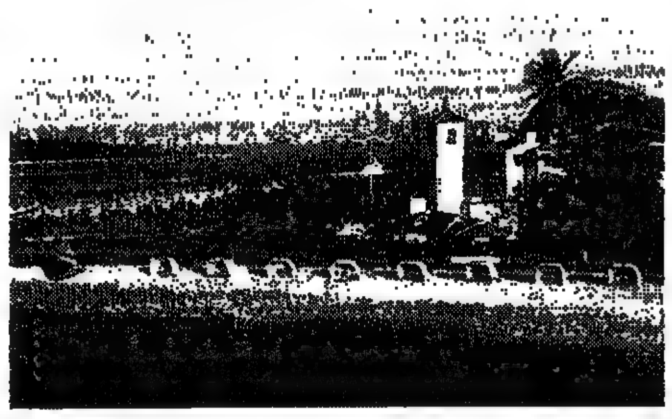
If bigger is better from the buyer's point of view, why not apply the principle and the index to anything which grows? At Clifton Nurseries, you can buy a lump of Alchemilla mollis, the unstoppably vigorous Lady's Mantle, for £6.95 in an above-average pot. You can add the cypress spurge which used to be such an invasive menace for farmers in East Anglia until the grain barons sprayed it. For £6.25, you can buy enough of a piece to run wild through a shaded flowerbed and give you stupendous growth on your investment if only you can find a Londoner who is willing to go over the top for too much of it.

Christmas shopping is supposed to be bad for the nerves and even worse for the feet. Gardeners, I suggest, could enjoy a day's comparison from one shop to the next. We may be peasants underneath, but the impulse index livens up life even for country mice in towns.

All spruced up: the thickly-branched blue spruce is the best at keeping its needles

Trevor Humphries





HOW TO SPEND IT

Christmas is a lot closer than you think!

Only 14 shopping days left, don't panic! ***Lucia van der Post*** *has some tips*

Well, here we are, just 14 shopping days left to Christmas. Time is running out and *though I daresay some of you* are already sitting back looking at all those neatly-wrapped parcels, there are plenty of us whose lists still look dauntingly full. For those still wondering what to buy for whom, here are a few suggestions.

■ Personally, I think old-fashioned games are infinitely more fun than almost any new one you care to name and they make a splendid family present. So what about a set of packs of cards specially designed for Racing Demon? Beautifully packaged, four packs of cards, plus an instruction leaflet, cost £16.50 either direct from Elizabeth Designs, *Mousehill Court, Milford,* Godalming, Surrey GU8 5EA. (Tel: 0483-417-357) or from Aspreys of Bond Street, London W1 and the General Trading Company of 144, Sloane Street, London SW1.

■ For something off-beat what about a fossil? Cobra & Bellamy of 149 Sloane Street, London SW1 have brought a collection back from the Dominican Republic. They are about 35m years old and there is quite a choice. Ants seem almost two-a-penny at £60 a time. Also £60 are winged termites, flowers, petals, stamens. Mosquitoes, also mired in clear amber, are about £850 while the *pièce de resistance* of the collection (for which a bid has already been made by the Natural History Museum) is a sitting-up scorpion at £6,000. A praying mantis is £5,000.

■ For bookworms, bookchecks are good stocking presents. Printed almost exactly like a check-book they are designed to keep a check on book borrowers – you write your own name on the major part, tear it out and give it to the borrower to use as a bookmark and reminder of the owner. You *keep the stubs where the* filled-in foil reminds *you* of *who has borrowed which book.* There are several different *designs, each pack has 20* checks and costs £3.95 from Museum shops, good bookshops such as Waterstones and Dillons. To buy by mail write to: Bookchecks, Ibthorpe House, Andover, Hampshire SP11 OBY. Telephone: 0264-76683.

■ For the keep-fit brigade who have not yet found a club that suits them what could be better than a subscription to a *health or indoor tennis club?* True, it is expensive, but it is *the sort of present that lasts all* year round. The Carlton Tennis Club, for instance, has three indoor courts and a fitness studio. Full membership costs £650 a year with a joining fee of £250. You get an introductory game free. The club is at Alfred Road, Westbourne Green, London W2 5EU. For membership details ring 071-286-1985.

■ Give *her* a beauty session – for £25 Jean Ashley, 32, Albert Bridge Road, London SW11 4PY (Telephone: 071-720-4239) will provide a complete facial treatment and she is happy to give appointments either in the *evening or on Saturday morning* for busy working women. *Stephen Glass of Face Facts at* 73 Wigmore Street, London W1 *(Telephone: 071-486-8287) will* give a complete make-up lesson with step-by-step tuition and advice for £59. He is not only expert, he is *terribly* nice.

■ Trivial Pursuits – the boardgame of the 1980s – is now available on video. For the sports fanatic there is a Sports Editions with some 100 TV clips of memorable sporting moments and questions to match. The Family Edition homes in on questions of a more general nature covering *news, entertainment and* historical events. Both are £19.99 from games departments, video shops and departments.

■ Not everybody knows that The Design Museum at Butlers Wharf, London SE1 2YD (Telephone: 071-403-6933) has a shop of its own. Particularly interesting are the reconditioned vintage telephones ranging from Bell's Bakelite Belgian version to the 1970s Ericafon. Prices range from £32 to £115.

■ For the home, Colefax and Fowler of 110 Fulham Road, London SW3 6RL (Telephone: 071-244-7427) has a surprisingly reasonably priced range of *attractive, modish accessories.* A set of three circular tartan *boxes is £18 (plus VAT), a blue* and white flower brick is £29.95, a beautifully turned wooden Tazza is £48 (plus VAT), a silver metal oval bakeset (it would make a splendid cache-pot) is £35 and a charming sea-shell picture frame is £30 (plus VAT).

■ *Orford and Swan is a small* British company which *concentrates on making a few* products to exceptionally high standards. *It makes silk* scarves in pure silk jacquard crêpe-de-chine or in luscious twill. Photographed left is the gloriously rich Medallion in black and dark red.

Then there are shoes such *as those also in the photograph* left which are made from the same richly patterned pure silk jacquard as the scarf. They are perfect for indoor evening wear, they look particularly good when teamed with black. There are also waistcoats, bow-ties and braces for chaps.

There are, *of course,* much grander, more established *names in the world of* must-have scarves but Swan *and Orford seems to be* establishing a very English *niche, all of its own.*

The best selection of shoes and scarves can be seen at Space NK, Thomas Neals, 41 Earlham Street, London WC2 and at Fortnum & Mason, Piccadilly, London W1. The shoes are about £125 a pair and the scarves about £145 each. *The cashmere silk* shawls are a real luxury at about £325 and can be found at Harrods while Liberty of Regent Street and Sogo of Piccadilly sell the scarves and waistcoats (£252 each).

For a small full-colour brochure which shows the full range and for further stockists, telephone 071-433-3436.

L v d P

What to buy her with the bonus

If the bonuses have been good, spoil her *with a soft crushed velvet evening coat* by Romeo Gigli. The label is one almost any woman with any fashion nous will cherish and the coat itself will lend warmth and glamour to a life-time of evening outings. It comes long, short or swing-style, in anthracite, coffee, ginger, pearl grey or, most stunning of all, deep claret. It iscapaciously cut so if she is small they may be rather overwhelming. £450 from Design Label, 3 Sloane St, London SW1. 071-823-2881.

■ Most men find women's lingerie departments daunting. *This is a pity for* many a splendid Christmas present is lurking in them. In particular there are glamorous evening tops which fall halfway between underwear and outerwear. Provided you know the beloved's bust size they are relatively easy to choose. The classy names to look for are Natori and La Perla. They are expensive but *– as mother always said –* you get what you pay for. The lace (when there is some) is of high quality and they are beautifully constructed so that they can be worn without feeling either that something dire is going to slip or that one looks like an escapee from a bordello. They look effortlessly, classily glamorous. The lacey Natori top (£199 from the lingerie *department of Harrods of Knightsbridge,* London SW1), sketched here, is typical *of the genre – it can be worn on its own,* teamed with a skirt or trousers, or under a tuxedo or any *other jacket.*

■ Another label that women like to snuggle into is Nicole Farhi. At Fenwick of 63, New Bond St, her roll-necked cotton cable-knit sweaters are, "simply walking out of the shop". They can be worn with leggings, crinkle-skirts, trousers. At £139 a *time choose from aubergine,* berry, black, navy or charcoal.

Smells for men with refined taste

If you are bewildered by the confusing array of men's scents on sale this Christmas, look no further than the superior smells made by the House of Creed, *writes John Morgan of GQ.*

One of the few remaining privately owned *parfumeurs,* Creed was once a British company *but it moved to Paris on* the suggestion of the Empress Eugenie and *is still to be found* in its beautiful premises in Paris's luxurious 8th arrondissement. Its scents are as distinguished as its list of clients which has included emperors, kings and others with fragrant aspirations of imperial proportions.

The best of the range is Green Irish Tweed – a wonderfully-civilised and beguiling blend of floral, green and woody *notes. The Chablis of* the scent world, it enjoys a cult *following among the men's* style press. The range also includes *Zeste Mandarin* Pamplemousse, which, as its name suggests, is fresh and citrusy;

An array of scents

Orange spice, a classically masculine concoction of oranges, clove and cinnamon; the rich and woody Bois de Portugal; and the latest offering, Erolfa, a bracingly oceanic *fragrance that combines* the fashionable ozonic note with bergamot, sandalwood and ambergris. Some of the scents bear the millesime classification which denotes a higher concentration of essences than *ordinary eau de toilettes,* and therefore a more enduring and profound smell.

Prices start at £38.95 from Les Senteurs, 227 Ebury St, London SW1 (mail order 071-730-2322); Harrods Knightsbridge, London SW1; Liberty, Regent St, London W1; Selfridges, *Oxford St, London* W1; Harvey Nichols, Knightsbridge, London SW1; Frogget, Brighton and Tunbridge Wells.

■ Jo Malone is one of London's best-kept secrets. For several *years she has been* tending some of the most high-*profile skins in the UKand* many have become addicted to her hand-made range of body lotions, bath oils and colognes. She uses French limeblossom, *nutmeg, ginger, muguet, lime* with basil and verbenas of *Provence to scent* the potions and her packaging is impressively simple – elegantly plain glass flagons for the oils and cologne and they come in beautiful ivory and black boxes tied with grosgrain ribbons.

A large box of pot-pourri smelling deliciously of wild orange and ginger is £27, a small box containing two flagons of bath oil and cologne is £29.95, a large box *containing* two decanters of bath oil and cologne is £59.95 (the prices do not include postage and packing). Orders can only be made by telephone: 071-589-5600.

هكذا من الأصل

HOW TO SPEND IT

Sculptures, paintings and cartoons all make ideal gifts. **Lucia van der Post** *looks at what is on offer*

The delicate art of selecting creative presents

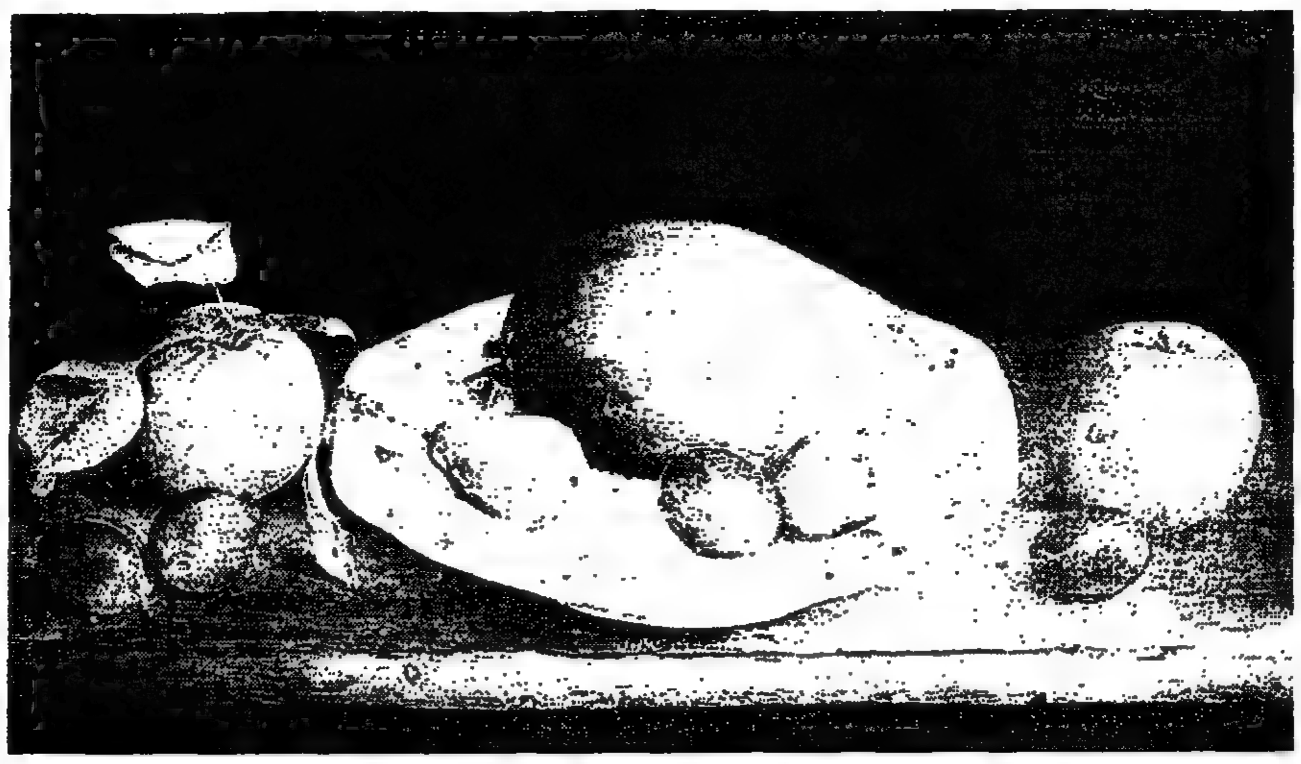
Of all the presents I have been given over the years I suppose the ones that have given the most lasting pleasure are the pictures and sculptures with which our house is over-supplied. Never mind that for years we were short of comfortable chairs, that serious grown-up furniture was thin on the ground or that we entirely lacked the sort of gadgetry that others cannot live without – our walls looked smashing and our shelves were full of interest.

Not that I am alone in my predilections. There are plenty more like me. We are the ones who would rather have a new drawing than a designer frock any day of the week.

The key to giving art as presents, though, is a certain acquaintance (or better still, a deep knowledge) of the loved-one's tastes. Not that this is easy – many people's tastes are confusingly eclectic.

Works of art that have meaning nearly always make wonderful presents – into this category, come drawings or sculptures of the beloved or the family as well as scenes from special places.

This Christmas you are almost spoiled for choice. Many of the galleries have had a hard time of it and special Christmas exhibitions give a fillip to end of year sales. Here, are a few suggestions.



■ All the readers who ply their way home via Waterloo might like to know about the *Llewellyn Alexander gallery* which is close to Waterloo and at the moment is holding a lively, varied and well-priced exhibition specially aimed at those looking for Christmas presents.

The theme of the exhibition is "Feast of Food in Art" and the styles vary enormously – there is Judy Joel and Linda Benton's naif paintings. There is Edna Bizon's still-life which in its use of light and colour seems to refer back to the 17th century Dutch painters. Then there is Kristina Jardel's almost surrealistic disposition of the components of her still-life while Robert Chandler's formal, restrained "Still Life on a table" is almost abstract. Something, as you see, for everybody.

Prices range from £200 to £3,500 *but the vast majority* are under £1,000.

The picture photographed left – a still-life of fruit on a table and in a bowl is sumptuously coloured with a rich dark background and beautifully framed – is "*Harmony*" by *Kristina Jardel* and it is £850. The Llewellyn Alexander gallery is at 124-126 The Cut, Waterloo, London SE1 8 LN. (Telephone: *071-620-1322).*

While in the area it is worth noting that the Bankside Gallery at 48 Hopton Street, Blackfriars, London SE1 9JH (Telephone: *071-928-7521) has* a special Christmas Show "Art Off The Walls" with works by members of the Royal Watercolour Society and the Royal Society of Painter-Printmakers – everything can be bought and taken away on the spot and prices start at £50.

For longer term planning (perhaps for next Christmas, a birthday or anniversary?) it is a good opportunity to take a good look at the work of all *the artists on show* – almost all of them will also take on commissions to paint a particular house, landscape or portrait.

■ Edinburgh seems to have one of the highest proportions of picture galleries of any city in Britain. Wandering down Dundas Street is a treat for anybody wanting to get their eye in. The Scottish Gallery at no 16 in particular is always filled with interesting contemporary work.

In less well-known William Street is Flying Colours Gallery, *owned and run by* Jane Houldsworth, which in the run-up to Christmas has a solo show by Ethel Walker as well as a sale of more than *100 framed works by about* 30 different contemporary Scottish artists.

Prices range from £50 to £5,000 and there are established artists such as John Cunningham, James Fullerton, I. Lesley Main as well as newer talent such as Shona Barr, Lorna Robertson and Selina Thorp.

The sale runs until December 23, there are oils, water-colours, pastels, landscapes, still lifes – the range is big but it is mostly representational with a few near-abstracts. The picture photographed here, "10 Umbrellas", a mixed media (acrylic/gouache) by James Fullerton, measures 8ins by *10ins and sells for £565.*

Flying Colours Gallery is at 35 William Street, Edinburgh, EH3 7 LW. 031-225-6776.

■ Cartoonists are a specialist taste – either they appeal to you or they do not. The best collection I have seen recently is in Mark Birley's Bath & Racquets Club in London's Brook's Mews where he has accumulated a quite stunning group of Pont's drawings – beautifully drawn, often very funny, they wittily recall a vanished era and make quite an impact as they do so.

As Mark Birley got there first the rest of us will have to look elsewhere – possibly to H. M. Bateman, *Punch's* classic cartoonist. King's Court Galleries specialises in antique and reproduction prints and for this Christmas is offering a series of over a hundred hand-coloured Bateman lithographs.

Subjects range from golf, cricket and fishing to dentistry, the law and banking. Each framed print (proper presents really ought, in my view, to come ready-framed) costs 250.

Besides the Bateman cartoons, King's Court Galleries has a wonderful collection of antique maps and prints, lots of rare 18th and 19th century prints – most of them are original prints, usually hand-coloured, but there are also, for those with less to spend, some limited edition reproductions starting from as little as £10 (unframed).

The original branch is at 54 West Street, Dorking, Surrey (telephone: 0306-881757) but a later one has recently been opened at 951-953 Fulham Road, London SW6. (Telephone: 071-610-6939).

THE MAN WHO PAID OFF HIS OVERDRAFT

■ Agnews, one of the grand, old established galleries which is used to dealing in very grand names ("The Holy Family with the Infant John the Baptist" by Rubens was in its summer exhibition) has decided to offer a selection of works for Christmas.

This used to be an Agnews' tradition but in the heady boom years, when nobody needed Christmas as an excuse to buy and price was no object, it was discontinued. Here it is, back again and very welcome, too.

Works will include watercolours by Philip Sutton, whose prices range from £850 to £1,500; lithographs by the late Dame Elisabeth Frink ("Owl" at £900, "Man and Horse" at £850); etchings and aquatints by Patrick Proktor; "Chauvres Souris" by Graham Sutherland for £1,000.

For those whose tastes are more traditional there are 18th and 19th century watercolours: "Portrait of a Lady" by George Richmond (£1,100), "The Market Place" by Thomas Rowlandson (£750) and "Rochester" by Alfred Vickers (£650).

Pictured here is a print of Bernard Dunstan's watercolour of "The Gabrielle Quartet at Stourhead 1987" (£150).

Everything in the Christmas exhibition is under £2,000. It is on at Angew's, 43, Old Bond Street, London W1 from now until December 23.

Make a home at the office

London is awash with empty business space. Now, some of it – especially in Mayfair – is being converted to residential use, says ***Gerald Cadogan***

The second world war blitz saw many houses in Mayfair, an exclusive district in the heart of the West End, converted into offices as parts of the City – London's financial heart – were destroyed by Luftwaffe bombs. Only now, 50 years on, is the process of returning those offices – many covered by so-called Temporary Office Permissions (TOPs) – to residences starting to have an effect.

This is a small part of a big change affecting London, which is full of unused office space: blocks of the 1960s, '70s and '80s sit empty, built when demand looked limitless. Making flats of them is an alternative use, which can have the added benefits of creating a more vital city and allowing more people to live near their work.

Regalian Properties' purchase (in association with the Sincere Company Ltd of Hong Kong) of Alembic House on the Albert Embankment, SE11 (for about £5m, through Cluttons London Residential Agency), looks shrewdly timed. This 14-floor block, built in the 1960s and (reputedly) used by the intelligence agency MI6, meets the top requisite in property: its location on a bend of the Thames, with long views up and down river, including the houses of parliament, is excellent. Best-selling author Lord (Jeffrey) Archer already has a flat on the top two storeys and Regalian is to convert the other floors into luxury flats.

Office space available in central London amounts to about 31m sq ft, according to an estimate by property analyst APR (Applied Property Research), and millions more square feet are in the planning pipeline. But where are the businesses to fill them? Walk around London and everywhere you see vacant offices.

Interest is a huge cost, draining a developer's funds. Then again, maintenance for a 20,000 sq ft block costs an estimated £15,000 yearly, plus £70,000 for 24-hour security and, say, £200,000 for rates, according to a Home Office report issued last year by APR with chartered surveyor Cluttons, quantity surveyor Gardiner & Theobald, and architect GMW. To escape rates you must "decommission," which is a drastic step involving removing the stairs and lift. The building, of course, deteriorates at once – and the community with it. Clerkenwell, Shoreditch and the South Bank, on the fringes of the City, contain much of the surplus but spare blocks lurk all over inner London. And this "creeping dereliction," as the report calls it, sits uncomfortably with the need for more homes in the central area.

The causes of the surplus are easy to understand. Until the end of the 1980s, developers' returns on offices far outmatched those on residential buildings. With a peak capital value of £1,000 a sq ft, their zest to build offices was matched only by the anxiety of the banks not to miss out on the boom. Then came their come-uppance: the financial crash, about 18 months after the residential market had collapsed. Prospective tenants vanished and rents fell, even in the City.

Thus, a change to residential use looks attractive, even if it poses difficulties for planning authorities that have not included the possibility in development schemes they began at the height of the boom and which now are being completed in the recession. But even if office use picks up, as it must with recession easing, it can never mop up the space available (although, if a council thinks there will be a lack one day, it can give temporary permission to change a building's use).

There is "very little difference now in the capital values," according to West End estate agent Anthony Lassman. He says office rents are running up to £400 a sq ft in the heart of London; another agent, Peter Wetherell, estimates £300-400 a sq ft for residential values. And while offices have improved slightly from three or four months ago, residential could be the best option for many blocks. Indeed, several conversions are already in the pipeline in the area near Victoria station.

What changes of use are possible? Flats for a start, as at Alembic House. Or the block could become a hotel, or a student hostel (for which the report estimates a gross return per room of £50 a week for 40 weeks a year, making £2,000).

The problems, however, are many. A hotel needs a drive-in and flats require parking space. If there is no basement car park, can streets cope with parking for residents? Is there enough daylight? (light requirements differ for offices and homes). And, most importantly, is it *proper* living accommodation? As a Westminster city council spokeswoman said: "We have been fighting bad housing for the past 50 years."

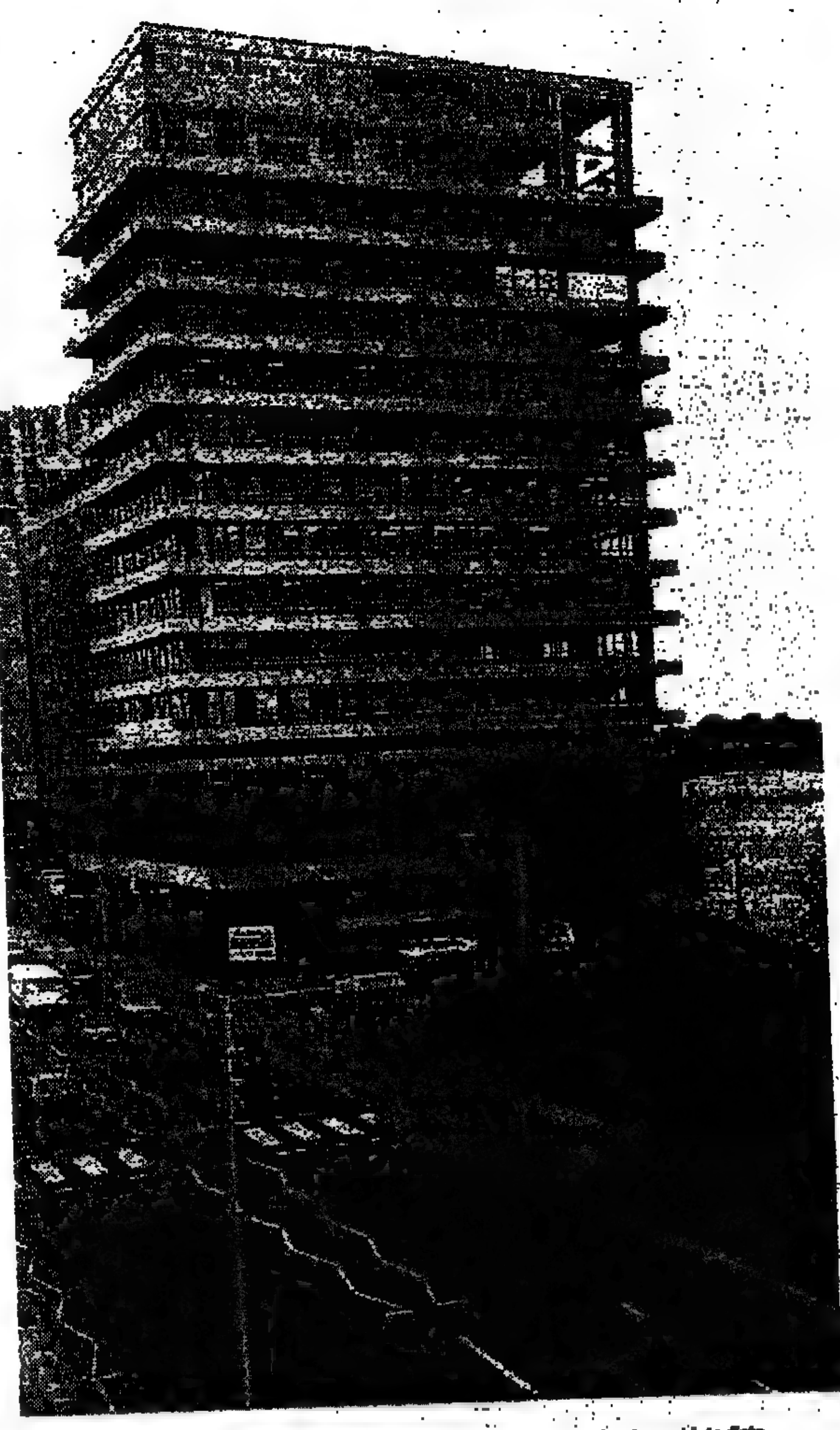
In the Mayfair section of Westminster, the long-lived TOPs, mostly on the Grosvenor estate, are a separate issue but slot into the general pattern. During the war, houses were requisitioned in Mayfair for embassies and émigré governments. TOPs continued this trend. They saved money for aristocratic owners, who stayed in the country (and moved to cheaper Knightsbridge, Kensington and Chelsea if they did need a town house).

TOPs had to be renewed every 10 years. But although Westminster council's aim was to return buildings to residential use, there was a fog of uncertainty, especially when buildings had been remodelled extensively as offices. Late in the 1980s, however, the council decided TOPs would end in 1990. Building by building, negotiations began with the Grosvenor estate – which had 84 TOPs in Mayfair – to see how suited each was for conversion back to residential use.

Fifteen of the TOPs needed early decisions, which resulted in 29,100 sq ft being declared offices and 97,160 residential. Another 12 were omitted because of various special circumstances. The remaining 57 were settled in a package, with 132,295 sq ft declared offices and 184,497 residential. So, in total, there are 161,395 sq ft for offices and 282,107 residential (with 106 flats in apartment buildings, 15 flats in office buildings, seven houses, and 12 existing flats).

Since the agreement, Mayfair has been full of builders and skips and now we are starting to see the changes. No 106 Park Street has been made into 11 luxury flats and there will be about 17 in Brook House on Park Lane, which used to house property company MEPC. The former headquarters of the Rank Organisation at 38 South Street has been sold and will revert to being a house, while 7 Upper Brook Street has already been converted back and is now on the market for a second time.

The result is a gradually changing Mayfair with a central residential enclave "on a par with Belgravia," says agent Kevin Ryan. Shops are mostly on the edges, but South Audley Street has become an upmarket village high street. Of course, it will be a while yet before the area really gets a "homey" feel. By the millennium, however, that could have come.



Where the spies were . . . Alembic House, reputedly used by MI6,is being turned into flats.

Cadogan's Place

Grandeur returns

Under the Grosvenor estate's settlement with Westminster council, No 7 Upper Brook Street was the first TOP building in Mayfair to be converted back to the grand town house it once was. Now, it has come back to the market for £1.385m for a 62-year lease (from Egerton: 071-493 0676).

Also on the Grosvenor estate are the conversions to flats at 130 Park Lane. Originally, this was made up of two of the bow-fronted houses that gave the Lane a special flavour – and good views over Hyde Park – before the big hotels and apartment blocks arrived. Five flats are for sale at prices from £2m to £4.5m for 74-year leases (from Wetherell: 071-493 6935; and De Groot Collis: 071-235 8090).

Some of the Mayfair buildings that will convert to residences remain offices while the sitting tenants negotiate terms, wait for their appeals against conversion to be heard, or for their leases to run out. But an unusual variation on offices going back to residences is Flat K at 3/4 Balfour Place; its lease allows it to be used as either an office or a residence. Egerton is seeking £345,000 for a 46-year lease. The present owners and their predecessors have used it as a residence.

□ Another large freeholder in Mayfair is the BP Pension Fund, which also has made an agreement about TOPs with Westminster council. The fund owns 30 acres, mostly on the west side of Berkeley Square, which were bought from the Berkeley Estate in 1967. Later, it acquired properties around Bruton Street, east of the square. In its redevelopment at 33 and 35 Hill Street and 27-30 Hays Mews, two flats and some mews units are still available at prices from £320,000. The agent is Debenham Tewson Residential (071-408 1161).

□ South of the Thames, a new four-storey office block in Furmage Street SW18 awaits planning permission to make 16 flats. The developers envisage it will take three months from receiving permission to partition the units and put in the plumbing. Inquiries to the Battersea office of Winkworth (071-228 9265), which also has just agreed the sale of an office made into a house in Lavender Walk SW11. On the market at £105,000, it went for £95,000, to a first-time buyer from the City. Its special feature is a vast reception room, 44 ft x 15.5 ft.

□ Tuesday sees the publication of a report by the Joseph Rowntree Foundation on Offices into Flats. It will discuss further the feasibility of converting and re-generating inner city areas.

TRAVEL

When an elephant comes calling . . .

***Michael J. Woods** goes on safari in remotest Tanzania*

From outside the tent, a decisive hollow crunching sound, like a giant peppermint being crushed in a railway tunnel, woke me suddenly. I lay still, listening carefully.

The full moon had been up before I went to bed, and I had drifted off to sleep to the sound of a lion roaring across the river, a deep groaning followed by a series of fading grunts. Now, though, it was dark. A slight rustle came to my ears; in my mind, it was a snake slithering over the ground-sheet. Then there was another crunch, followed by the quietest of steps.

Moonlight streamed through the tent window as the elephant withdrew its dark bulk, its questing trunk seeking the next crunchy, contorted, apricot-coloured acacia pod. The huge animal was right next to the tent, and I held my breath as the bed creaked when I raised myself for a better look.

It padded very softly round to the front, sniffed enquiringly at my toothpaste, and strolled away to join the rest of its family further up the Great Ruaha river. I reached for my notebook. After all, it isn't every day a wild elephant comes close enough for you to touch.

The incident occurred in Ruaha although my safari to southern Tanzania began in the Selous – the largest game reserve in Africa, covering an area almost the size of Ireland – where I stayed in *Mbuyu* camp on the banks of the Rufiji river.

Mbuyu means *baobab* in Kiswahili and, beneath the vast bulk of the great tree from which the camp takes its name, we drank tea and surveyed the sandbanks and pools of a waterway much diminished by the dry season.

Here were beautiful birds: pied kingfishers hovering like terns; giant kingfishers; grey and Goliath herons stalking through the water; yellow-billed storks using their wings to shade the glare from the surface as they fished; black-winged stilts and brown hammerkops.

Just as impressive as the baobab-shaded tea terrace was an elevated hide at the other end of camp where we sat one evening drinking cold beer as the sun set and a roost of bats exploded, like a Roman candle, from the hollow stem of a headless palm. Wave after wave of black specks soared upwards and disappeared in every direction.

We took walks from here and cruised up the palm-lined river in an aluminium boat. The water was crowded with pods of bad-tempered hippos and yellow-green crocodiles, the latter all about 8 ft long, sliding from their sandbanks as we approached. On our way home, though, one did not shift. He was black and barrel-chested, a full 15 ft long. He lay with his great mouth agape, filthy teeth lit by the falling sun. Even when our boat nudged the sandbank on which he lay, he showed not a flicker of acknowledgement.

From the Selous, we travelled over the Uzungwa mountains through Mikumi national park to Ruaha. Most visitors to Tanzania concentrate on the north, on the Serengeti, the Ngorongoro crater and Manyara national park. Few go south to Selous and even fewer to Ruaha; so few that, in the first nine months of 1993, this national park received fewer than 1,000 visitors from outside Tanzania.

Yet it is almost as big as the Serengeti and an extremely varied and beautiful place. There are mountains, sand rivers, open plains of golden grass and thick bush. The Great Ruaha river is rocky and has falls and rapids after the rains.

Our camp was a private one organised in the relaxed, yet stylish, way so typical of Gibb's Farm Safaris. On a hidden site beside the river, the tents, which have *en suite* facilities and comfortable beds, were shaded by several grey-green, woolly-headed old tamarinds, and by acacias which leaned solicitously over them and dropped their pods to tempt visiting elephants.

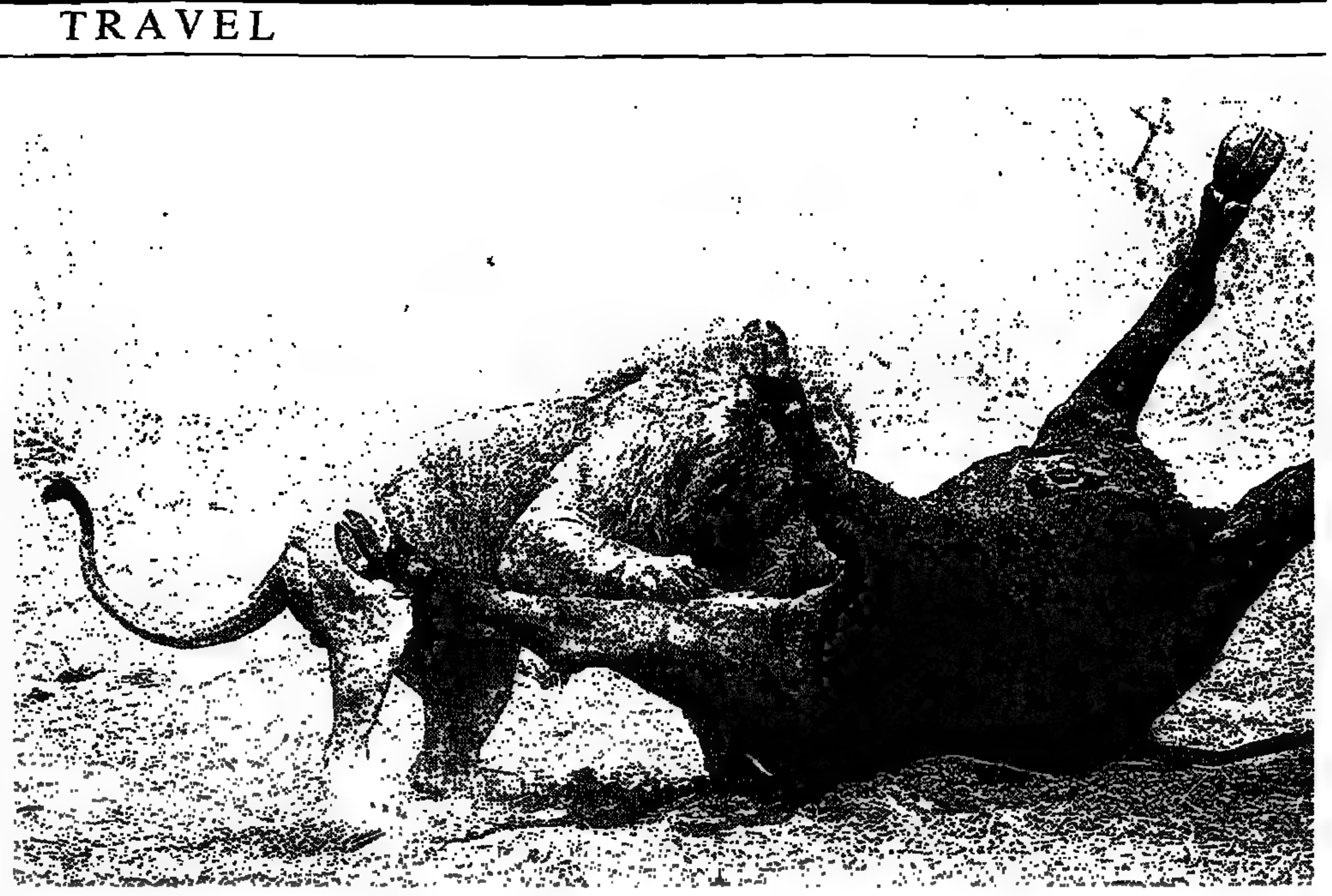
From the dining tent, with its evening fire and view down the rocky river, safari leader Nigel Perks, as sharp-eyed as ever, pointed out a nervous bushbuck slipping down to the river to drink at sunset.

The lions in the bush across the water were noisy but never showed themselves. We saw lions elsewhere, though. One pride was guarding a buffalo carcase against vultures, taking it in turns to leave the shade of the bush where they were resting and lie panting beside the body in the hot sun.

With the general (temporary?) cessation in poaching, the elephants here are relaxed and breeding well. Small family groups down near the water were breaking up fallen palm fronds or plucking clumps of grass.

I had come to southern Tanzania expecting to be overwhelmed by the richness of the Selous. Instead, it was Ruaha which cast its spell.

■ Michael Woods visited southern Tanzania with Art of Travel (London tel: 071-738 2038), which puts together tailor-made safaris to the Selous, Mikumi and Ruaha run by Gibb's Farm Safaris. A 10-day safari, including flights, costs from £2,500. Only a few UK operators go to this area: they include Safari Consultants (0787-228 494) and Abercrombie & Kent (071-730 9600).



A lion with a buffalo kill in Tanzania's beautiful but little-visited Ruaha national park

Golfers with the urge to drive by night

We were on the lam in south-west Ireland and we were loving every minute of it. Me and my friend Jock knew we would be caught by fading daylight eventually. The question was whether we could delay the moment long enough to eke out a few more holes of golf.

Our intention was to play as many as we could before dinner. It had been a sudden idea, as the best ones often are, cooked up in a moment in late afternoon. No sooner had we thought of it than we had jumped into my car and set off, wheels spinning, for Tralee golf club 30 miles away. There were few barriers to our sudden, serendipitous idea. At that time of night, there were would not be many others around to hold us up.

I knew Tralee, the first course designed in Europe by Arnold Palmer, from several earlier visits. Jock, on the other hand, had never been there. He was anxious to see as many of its outstanding holes as he could: the long 2nd, the demanding 3rd, the glorious 8th which lies so well along the sweep of the bay, the short 13th across the pit, the devilish 15th.

Perhaps the 16th – which, from the back tees, I believe to be one of the most difficult and heroic short holes in the world – might be too far; but we would move as quickly as we could and hope to get them all in.

We began at a gallop and, after taking a deep breath, walked all the way to the back tee of the 3rd, high above the sea. To James Joyce writing in *Ulysses*, it had been "the snotgreen sea, the scrotum-tightening sea." Now, however, it snoozed softly below us, benign and silvery. The green, built on rocks, jutted out in the distance. Beneath it was the cave used in *Ryan's Daughter*. Behind us, deserted and inviting, was the wide, long beach used in the same film.

My first ball pinged off the rocks; another soared away to the left. It was 220 yards just to reach the green from this tee. What on earth made me think I could hit the ball that far with an iron, even on a still night such as this?

As the daylight began to fade I caught a glimpse of Jock. His face, burnished by the wind and sun, had a look of sublime contentment. We were at one with our surroundings and, just as important, with our own golf.

The setting sun spurred us to play still faster. The ebbing tide moved slowly down the estuary leaving thickening fingers of mud behind. It looked tired. We certainly were. It had, after all, been a long day, one that had begun 14 hours earlier. We had not eaten since lunch and had hardly eaten then. I had forgotten how hungry I was until we dashed from the 8th green to the 9th tee to play our last hole.

In the gathering gloom, we each whacked a drive towards the beckoning light of the clubhouse. Then we half-walked, half-ran until we found the balls. We whacked them again and again. By now, it was so dark we could not make out the flag on the green. Somehow we halved the hole, five whacks and several putts each.

In the clubhouse, the hands of the clock stood at 9.55. The only place still serving dinner was the Oyster Bar in Spa, six miles towards Tralee. The barman telephoned for us. "They will hold a table for you but you must get there by 10.30," he said.

Dinner was as much a surprise as anything that had happened to us all evening: delicious soda bread and fresh salmon, perhaps caught a mile or so from where we were sitting.

Afterwards, there was a tap on my right elbow. I looked up to see a stout lady with a friendly face. Soon, we were deep in conversation. She sat at a long table with what looked to be six or seven relatives. At the head was a small boy in a blazer, no more than 12. "My father died a year ago today," explained the lady. "We had a mass this afternoon and now we're celebrating. He had a good life. He was 90 when he died. In his later years, he often said to me: 'If you look after me well when I am still alive, then you can dance on my grave when I'm gone'."

At midnight, the singing ended and the restaurant emptied quickly. We drove home slowly in the velvet-soft darkness.

Jock looked out of the window. I concentrated on driving. My feet had stopped aching and I felt the intense pleasure of a man who had exercised well. It had been a rare old day, one that lingers in the mind for years.

John Hopkins

FOOD AND WINE

Tasty tidings of confits and joy

*In the second of two articles, **Philippa Davenport** details weekend breaks in France where the finer points of foie gras are featured*

In Britain, one roast duck and four diners may cause the carver to panic. In *foie gras* country, almost every part of a duck is eaten. The fattened liver is, of course, the prize but the rest of the bird is used as the basis of many satisfying meals. The fat is rendered to become a cooking medium as fundamental to Gascony as butter is to Normandy and olive oil to Provence. Legs, wings and giblets go to make confits. The neck skin is stuffed. Trimmings may be baked, shredded and potted as rillettes. The carcass, with scraps clinging to it, may be roasted or grilled for irresistible snacks. As for magret of duck – the huge and tender meaty breast – this, too, can be made into confits, although that generally is considered a pity. Better to relish it fresh, fried or grilled like a juicy steak.

Confits are a uniquely south-western French way of preserving meat, which elsewhere is salted, smoked or dried. But this region devised the far simpler idea of slow-cooking meat, submerged in its rendered fat, until its tenderness allows a straw to pierce it. For storage, it is then sealed under a layer of fat. The very best confits, they say, are cooked over an open fire so the meat absorbs the wood smoke.

Few things are more reassuring to anyone keen on comfort food than a store cupboard filled with jars or tins of duck or goose confit. Because it is so versatile, it is the ultimate convenience food. Just take the preserved joints out of the jar or tin, let most of the fat run from them and dry-fry for five-10 minutes on each side. For frazzled skin, slip the pieces of meat into a hot oven on a baking tray for about 15 minutes, skin side down at first, then skin side up.

Confit made with neck, heart and gizzards is fashionable served warm *en salade*. Meaty joints are more likely to be served with hot vegetables. The smartest choice is probably *pommes sarladaise* (with truffles). A circle of potatoes fried with a sprig of rosemary is also good; so, too, is a sprinkling of finely-chopped garlic and parsley with a few cèpes or a pool of lentils, or braised red cabbage with roast chestnuts and pickled prunes.

Jeanne Strang's glorious guide to life and food in south-west France, *Goose Fat and Garlic*, describes the preserving processes in vivid detail. And it was Strang who started the ball rolling for me when I packed up my apron and went in search of the mini-holiday breaks known popularly in Perigord, Gers and the Landes as Weekends *Foie Gras* (although, in fact, they cover far more than *foie gras*). The choices available are many and varied but all aim to combine relaxation, good eating and learning. Below are details of just four that might be of special interest to *FT* readers. Unless indicated otherwise, they run from Friday afternoon to Sunday after lunch.

Duck is the bird on which you will be working and some knowledge of French is highly desirable when attending courses with Mesdames Sarran and Gracia (essential when telephoning them). To ensure personal attention, the numbers accepted on each course rarely exceed eight. Prices are based on sharing a double room with private bathroom and include the cost of all meals and tuition along with one duck, which you take home as preserves; you are charged for extra ducks which, if required, should be ordered when placing your booking. Except in the case of Gourmet Espionnage, you must pay for your own travel: I travelled fly-drive Gatwick to Bordeaux.

■ *Pierrette Sarran, Auberge du Bergerayre, St Martin d'Armagnac, 32110 Nogaro. Tel. 6209 0872; fax 6209 0974.*
Sarran is the doyenne of this business: small, wiry, passionate, highly organized and always on the go. And while her establishment might still be a *ferme-auberge* in spirit, her dining room is that of a classy restaurant. This is serious cooking.

There are 14 bedrooms and a swimming pool. She has no fixed dates for *foie gras* weekends but can probably make available one or several of the following if enough people are interested: February 18-20, 25-27; March 4-6, 11-13, 18-20 and 25-27.

Prices: From Ffr1,550 a head. Partners who do not want to join the classes pay full pension prices only: Ffr660-860 for the two days. Extra ducks are charged at Ffr350 each.

■ *Marie-Claude Gracia, Auberge a la Belle Gasconne, Poudenas, 47170 Mézin. Tel. 5365 7158; fax 5365 8739.*
This is a chic establishment: the hotel of which Gracia is both chef and owner has a Michelin star. The converted mill house has just seven bedrooms and is sited dramatically on a bank of the river Gélise at the foot of a hilltop village with steep, narrow streets. Weekends, which are billed as *"Weekend cuisine passion en Gascogne,"* begin with *"acceuil, installation, verre de l'amitié et dîner autour d'un poule au pot"* on Friday evening. The guests do not don their aprons until Saturday. The schedule also manages to find time for a quick visit to nearby Nérac and, on Sunday morning, a recipe demonstration by Gracia and/or a visit to Mézin's market. Dates, prices and further details on application.

■ *Denise Garnier, Falgayras, Auradou, 47140 Penne d'Agenais. Tel. 5341 3403; fax 5341 4754.*
New Zealand-born Garnier and her French husband have been farming and preserving ducks for 11 years and, in addition to the usual range of *foie gras*, confits and pâtés, they produce exquisite cured duck breasts, *jambons de magrets séchés*. The programme here is the only one I found where the livers of the freshly-killed ducks are dealt with, while still warm, before the confits; apparently, the resulting *foie gras* is much more satisfactory.

The Garniers do not run a *ferme-auberge* and have just one studio cottage available for a visiting couple; other course participants are accommodated at L'Air du Temps, a small restaurant with rooms in the nearby medieval village of Penne-d'Agenais. It is here that lunch and dinner will be served to everyone throughout the weekend.

Prices: Ffr1,700 a head for the weekend. In addition to the preserves made from one duck, guests will take away a pair of *jambons de magrets séchés*. Extra ducks are charged at Ffr300 each and there is a limit of three for each participant.

Dates: Provisionally, these are January 7-9, 14-16, 21-23, 28-30, and February 4-6. Some dates in March and early April may also be possible.

■ *Gourmet Espionnage is the brainchild of Caroline Yuill of Oak Cottage, Thorndon, near Eye, Suffolk IP23 7JJ. Tel/fax: 0379-71 234.*
Yuill specialises in personalised package deals, tailoring itineraries according to the wishes of groups of eight or more (eight is her minimum number). She makes all the arrangements and generally acts as guide and translator throughout.

Her trips to France are designed for a minimum of four days but she prefers seven so that the pace can be that of a relaxed holiday. A *foie gras* week, she suggests, ought to include hands-on experience at making *foie gras* and confits in the farmhouse kitchen of a small duck producer she knows, and learning to cook dishes using both confits and fresh duck. The party might also like to visit a local wine producer, an artisan cheesemaker and go to markets.

The accommodation she suggests is a small, family-run hotel near Orthez, halfway between Pau and Dax. She particularly recommends spring and Easter for visiting this area. Her prices begin at £697 (inclusive of everything, including travel) a person for seven days.

What the wise buyer will want on board

Jancis Robinson finds plenty of seasonal bargains in the first part of her high street wine choice

Fine wine-making techniques have been filtering down, yea even unto the under-£3-a-bottle bracket. Indeed, the following British off-licence chains and supermarkets have all but given up on expensive wine, leaving that élite area to the independents.

This year's worthwhile fashions include cheap Portuguese reds, Argentinian perfumed white Torrontes – and Riesling, in dry form, has finally been allowed out of the closet.

The more expensive the wine, the more limited its distribution (LD). Star ratings denote corporate commitment to wine quality.

ASDA****

This year's prize for the most improved wine selection. The Leeds-based supermarket group now has a range of well-chosen, often unusual bottles.

□ WHITES

Hungarian Chardonnay 1993 £2.99. The dark, heavy bottle says £12 burgundy. The wine says fiery Hungarian white rather than restrained Chardonnay. The combination is rated a Minöségi bor (quality wine) and is well worth trying at the price.

Chilean Sauvignon Blanc 1991 £3.29. If the well-designed label is correct, this wine is heading for its third birthday and yet still has attractive, lemony zest.

Mount Barker Chardonnay 1992 £4.99. Goundrey. Full, pungent, big Western Australian but with good balance. Very keen price.

□ REDS

Rowan Brook Cabernet Malbec 1992 £3.39. Good-value Chilean, not too heavy or syrupy. The Chilean Cabernet Merlot at £3.49 is in the same mould.

Pinot Noir Vin de Pays de l'Aude 1992 £3.75. Great price for Limoux's oak-aged answer to red burgundy.

Barbera d'Asti 1990 Gemma £4.49. Lively, full, accessible example of Piedmont's dominant grape.

Ribera del Duero 1987 Senorio de Nava £5.69. Intense, deep coloured, oaky, quite chewy but dramatically powerful essence from Spain's most fashionable red wine region.

□ SPARKLING

Sharffenberger Brut £8.99. A Californian that is not trying to be champagne but which can offer more complexity and maturity than any champagne selling at the same price.

AUGUSTUS BARNETT**

Poor old A Barnett has finally been swallowed up by Allied-Lyons and will doubtless be "integrated" with Victoria Wine in the New Year. Graphics could do with a new broom.

□ WHITES

Chasan, Vin de Pays d'Oc 1992 Domaine le Ploges £3.79. Amazing how popular this relatively recent crossing of Chardonnay with the sherry grape (Listan) has become. It would not have happened had they decided to call it Listonnay. Light, spritzy Chardonnay imprint on a decent wine from the Languedoc.

Chardonnay, Vin de Pays d'Oc 1992 Domaine de la Tuillerie £3.99. Definitely worth the extra 20p, if only for the label, but also for the ubiquitous but well-made Ryman Chardonnay made outside Carcassonne. Heady aroma, slightly short.

□ REDS

Ch Ormières 1991 Minervois £3.99. Very appetising second wine from the widely-admired Ch Fabas. The same sort of build as red bordeaux, and ready to drink.

Ch Lascombes £13.99-£24.99. Until recently this Margaux second growth was under the same ownership as AB and the company can therefore offer an array of vintages, 1983-1990, at fair prices. The 1985 at £24.99 is a dream to drink now, the 1986 at £18.49 is closing up.

□ FORTIFIEDS

Warre's Quinta de Cavadinha 1982 £13.49. Extremely fine alternative to vintage port and ready to charm.

Gonzalez Byass Matusalem £18.45 (at Oddbins and Safeway too). A great, proper, sweet sherry that is one of the very few wines which could be served with both cheese and Christmas pudding.

DAVISONS and FULLERS

London and environs only but well worth seeking out.

GATEWAY**

Some very silly prices until January 4 and some imaginative selections. Good Spanish range.

□ WHITES

Castillo Imperial 1992, Alanis £1.79. Cleverly blended dry white from Galicia in north west Spain. Clean, lively, Atlantic seaboard wine. Low key label. Could be anyone's house white over Christmas.

Chablis Premier Cru 1991 £4.99. If you must spend an extra £3.20 for a recognisably smart name and obviously burgundian bottle, then you won't find better value than this, although the wine is not *that* much more interesting, per se, than the Galician above.

□ REDS

Bulgarian Cabernet Sauvignons £1.99. Melnik, Russe and Svichtov wineries' offerings reduced from £2.85. Too many matchsticks for me, but never mind the quality...

Ch La Verdotte 1992 Margaux £4.49. It comes to something when Ch Durfort-Vivens, the estate ranked only four places short of a first growth in 1855, is flogging its second wine at this sort of price. This wine, described with some licence on the back label as from "the gravelly hills north of Bordeaux", is usually £6.49 and is certainly ready to drink.

MAJESTIC***

Wines for bargain hunters rather than technopurists here. Parcels and job lots a speciality. Minimum 12 bottles.

□ WHITES

Bergerac Sec 1992 Domaine de Jolie Coeur £3.49. Respectable dry white with good fruit and a hint of apples.

Pinot Blanc 1992 Ch Oberlin £4.99. Soft but lively Alsace from the city of Colmar's own domaine. Good value.

Trittenheimer Altärchen Riesling Kabinett 1990 Grans-Fassian £5.99. A sensational palate-sharpener from one of the top middle Mosel producers. Just 8 per cent alcohol: purity, zip, delicacy and perhaps a whiff of elderflowers in a bottle. Reaches parts no champagne ever can.

Vouvray 1989 Marc Brédif £7.99. Textbook stuff with honey, flowers, and not so much acid that it cannot be drunk now with a wide range of foods, but this medium dry wine will continue to develop for decades.

□ REDS

Lightning Ridge Shiraz £3.49. A special export blend from Australia although it is much lighter, juicier, more peppery, and more southern French than the average Oz red.

Pinot Noir 1991 Fleur de Carneros £6.99. They are getting the hang of Pinot Noir in California. This is a second label from Carneros Creek and is of the fruit rather than earth school. It won't get any better but is just the style of scented red to serve with turkey.

□ SPARKLING

Crémant de la Loire NV Langlois-Chateau £5.99. Reduced from £7.49 and a well-made wine from Bollinger's outpost in the Loire.

Ruinart champagnes. Ruinart has long been an insider's favourite and Majestic offers non-vintage R de Ruinart at £16.99 or, for those who revere age and stature in a champagne, Dom Ruinart Blanc de Blancs 1983 at £32.50. There is a further 15 per cent discount on unsplit cases of these and several other champagnes. The Dom Ruinart would tempt me if I were organising a seriously smart party.

MARKS and SPENCER

The M&S shelves carry a sort of civil service selection of wine, leavened by the odd daring addition. Solid rather than inspiring.

□ WHITES

Chardonnay 1992 Domaine Mandeville £3.99 Another Vin de Pays d'Oc, from a relatively cool corner of the Languedoc in the Minervois hills. More Chablis than Australian.

Chardonnay-Semillon 1992 Rothbury Estate £4.99 Well crafted New South Wales blend of nearly 60 per cent Chardonnay with a high proportion of Cowra's glossy, golden fruit.

□ REDS

Domaine St Pierre 1992 £2.99 Special offer for December on this ripe blend of Merlot and Syrah from Domaines Virginie in the Languedoc.

Domaine la CoCte aux Loups 1992 Bourgogne £3.99 Attractively soft, juicy, light red burgundy from the far north of the region near Chablis.

Margaux 1989 £6.99 Scented, plump claret ready to drink now.

□ SPARKLING

Saumur Brut 1990 Bouvet Ladubay £6.99 Lovely wine-making, delicate mousse. Refreshing, lighter than champagne.

Veuve de Medts NV Premier Cru £12.99 Some real age and development on this wine, from the co-operative Union Champagne (a high proportion of all the cheap champagne currently available comes from the co-ops). A champagne that could be drunk with food.

ODDBINS*****

Powered by the energising combination of sheer enthusiasm and a certain arrogance, Oddbins' buyers are the wine trade innovators. Their two London fine wine shops at Holborn and Notting Hill Gate are probably the best in the UK.

□ WHITES

Australian 1993 Rhine Rieslings. The off-dry Valley Estates version offers spine, acidity, perfume and a bit of sherbet for £3.25, while the Penfolds Bin 202 at £3.95 (£3.99 at Thresher) is broader. The Mitchelton Goulburn is seriously fine and dry (much drier than most Alsace, for example) for £4.99, but the Mt Langi Ghiran at £5.99 is worth it too, all lime, fizz and refinement.

Santa Carolina and Casablanca Chileans from £3.99. Well made and good value, especially the Santa Rosa Vineyard Sauvignon at £3.99.

Moscato d'Asti La Serra 1992 Marchesi di Gresy £3.99. Light, grapey, low in alcohol. Post prandial refreshment?

Schoffit 1992 Alsace. Here is a young producer who seems to be extracting only the fruitiest, most explosive part of the grape, partly by keeping yields to below 50 hectolitres per hectare (the average is more than 80), and partly by gentle, protracted pressing. Oddbins has limited quantities of the eye-opening Pinot Blanc Cuvée Caroline at £6.99, a vigorously racy Riesling from the Harth vineyard at £7.99, and an exceptionally long Gewurztraminer that smells appetisingly of bacon fat at £8.99. Even more thrilling (and richer) are Bernard Schoffit's Grand Cru wines available soon from the two fine wine stores.

Shaw & Smith Sauvignon Blanc 1993 £7.49. Both powerful and delicate. Political similes spring to mind.

Krondorf Show Reserve Chardonnay 1992 £7.99. Another elegant, lively Australian white.

Monbazillac 1990 Ch la Borderie £9.99. Seriously fine barrique-aged sweet wine; better than many a Sauternes. Should keep for five or more years.

Vouvray Moelleux 1990 Trie de Grains Nobles £10.99. Another stunning effort from Domaine des Aubuisières. Drink now in its full and lovely youth, or keep in a cool, safe place for five or more years.

□ REDS

Minervois 1992 Domaine d'Arbens £3.49. Full, round, exciting medium weight red in the soft, fruity mould of a good Loire red. Useful.

Palacio de la Vega 1991 £4.99. Cabernet Sauvignon with 30 per cent Tempranillo, one of the many interesting blends to be coming out of Navarre. Lively with lots of oak.

McWilliams Cabernet Sauvignon 1991 £4.99. Well tamed mouthful of Australian red.

Coldstream Hills Pinot Noir 1992 £7.99. Just the thing for the turkey; ready, and extremely easy, to drink.

Mt Langi Ghiran Shiraz 1991 £7.99. Full, round, correct, still wearing its barrique pedigree.

Leeuwin Estate Redgum Ridge Cabert 1990 £7.99. Unusually dry and chewy for an Australian red, from one of Western Australia's most famous estates. Another £2 secures the exciting 1989 grand vin.

Ridge Geyserville Zinfandel 1991 £11.99. A truly fine wine with with a brambly punch and a long aftertaste. To drink or keep. Ridge's Santa Cruz Cabernet Sauvignon 1991 at £13.99 is also stunning.

□ FIZZ AND FORTIFIEDS

A range of special offers.

SAFEWAY***

In many ways the antithesis of Marks and Spencer, Safeway's wine department seems to be fuelled by pure instinct. Thus, Safeway is most useful as a wine supplier to those who share its enthusiasms: modern Iberians and cheap eastern Europeans, together with English and organic wines.

Out of 80 or so of their wines tasted recently, there were a number that struck this palate as too quirky. But those listed below are of genuine interest.

□ WHITES

Domaine de Malardeau 1992 Côtes de Duras £3.49 (LD). One of several Hugh Ryman Sauvignons on the market made in this useful region on the fringes of Bordeaux. The explosion of fruit seduces the palate as the label does the eye.

Australian Chardonnay 1993 £3.99. Well-integrated lively fruit from Riverina. Full bodied yet not sickly, proving irrigation can be a good thing?

Falcoaria 1992, Almeirim £4.29 (LD). A Portuguese answer to Alsace. Exciting, lively, aromatic white with a dry finish, made by peripatetic whizzkid Joao Ramos.

Vinas del Vero Chardonnay 1991, Somontano £5.29 (LD). Textbook barrel fermented Chardonnay with all the delicacy on the palate that entails – but Spanish? A nail in the coffin of blind tasting as a rational activity. Vinas del Vero, in the far north of Navarre, also produces a creditable, if rather light, Pinot Noir 1989, listed by Safeway at £6.49.

Penfolds Organic Chardonnay/Sauvignon 1993 £5.99. A super-concentrated yet quintessentially crisp offering from biodynamically sound fruit grown in the cool(ish) Clare Valley of South Australia.

□ REDS

Alentejo 1992 £2.99. Juicy blackberries fashioned into an aperitif, almost white wine, style at the Redondo co-op in southern Portugal. Good value.

Young Vatted Tempranillo 1992 La Mancha £3.19. All winery, no taste of the vineyard, but a juicy, good value red. An interesting comparison with the very similar central Spanish red below.

Casa de la Vina, Cencibel 1992 £3.29. The Rioja grape Tempranillo is fashioned into a lively red with a chewy finish carrying the lower rent denomination Valdepeñas.

Las Alturas, Mendoza £3.49 (LD), also from Victoria Wine. An interesting Argentine red, made by Jacques Lurton from Bonarda, the Italian grape variety that has become Argentina's most planted red grape variety since so much Malbec has been ripped out. It tastes as though juice lurks under a layer of appetising dust.

Quinta do Vale da Raposa 1992 Douro £4.49 (LD). A remarkably soft, flattering red considering its provenance, the harsh Douro valley which is better known for port. More evidence for the case against automatic fortification.

Quinta da Pancas 1990, Alenquer £5.75 (LD). A superior bottling with the powerful reek of new oak rather than any particular patch of western Portuguese soil, but an eye opener by any standards.

Penfolds Cabernet Sauvignon 1989 Coonawarra £7.99. Well-balanced, full flavoured Australian answer to claret. A gold medallist in this year's International Challenge organised by *Wine* magazine. Available elsewhere.

□ SWEET WHITES

Domaine Brial 1992 Muscat de Rivesaltes £3.49 a half (LD). Pleasant, smart packaging, light golden Muscat in the old Beaumes-de-Venise mould.

Ch de Berbec 1989 £3.49 (LD). Peachy smooth Semillon made sweet just across the river from Sauternes. Great value. Not subtle.

NEXT WEEK: Sainsbury, Thresher/Bottoms Up/Wine Rack and Victoria Wine.

FOOD AND DRINK

Sicily and its seasons

J D F Jones enjoys the delights of a soft-centred book

"The aspect of those monumental dishes of macaroni was worthy of the quivers of admiration they evoked. The burnished gold of the crusts, the fragrance of sugar and cinnamon they exuded, were but preludes to the delights released from the interior when the knife broke the crust; first came a spice-laden haze, then chicken livers, hard boiled eggs, sliced ham, chicken and truffles in masses of piping hot, glistening macaroni, to which the meat juice gave an exquisite hue of suede... (they) ate without thinking of anything, and without realising that the food seemed so delicious because sensuality was circulating in the house..."

That comes from Lampedusa in one of our century's greatest novels, *The Leopard*. If you have ever been curious about the mysteries and delights of Sicilian cuisine, Anna Tasca Lanza's deliciously-illustrated, softest-centred book, *The Heart of Sicily* (Cassell, £18.99, 255 pages), will enchant you.

She is mistress of the Regaleali estate and the story is an unabashed promotion of its commercial wine operation (she also runs a cookery school there). But the book is about food, not wine, laced with recipes of traditional Sicilian dishes, and takes the form of a seasonal sequence, starting with *Pasta con le Sarde* in springtime when the wild fennel is fresh and moving through to the winter season of olives and citrus.

Sicily is of course one of the cradles of our civilisation – we are shown how Regaleali's head shepherd makes cheese every day in a manner that has scarcely changed since the ancient Greeks. Its cuisine and culture have been successively influenced by Greeks and Romans, Arabs and Normans, French and Spaniards. But the Mediterranean tradition was invaded by the French via the Kingdom of the Two Sicilies in the 19th century, which brought in the "monzù" (ie mons ?ur), a head chef with a knowledge of consommés, foie gras, cream and butter.

The book, full of family and landscape, is evidently directed at an American readership, but that need not matter. Read here of *Estratto di Pomodoro* (how the estate kitchen annually reduces 4000 lbs of tomatoes to 240 lbs of extract); of wondrous, oil-drenched versions of *melanzane* (eggplant); of dishes of wild rabbit; of fried courgette flowers ("Mario takes the flowers for *Fiori di Zucca Fritti* to serve with drinks before dinner or to include in a *Fritto Misto*. He fills the flower with as much diced *mozzarella* as it can hold and a small piece of anchovy and folds it over. Then he dredges it in flour, dips it in egg wash, coasts it with breadcrumbs, and fries it...") It's all ecstatic stuff.

Sweet peppers from Anna Lanza's "The Heart of Sicily"

Variable vintage in Burgundy

Although the production of fine burgundies is a fraction of Bordeaux's output, the quality of the former is much harder to assess when first available for public tasting: in the cellars of the Hospices de Beaune before the auction of its new wines on the third Sunday of November. Bordeaux, better organised, wait for its Union des Grands Crus around April 1.

This year, the Hospices' 38 cuvées, mostly from the Côte de Beaune, were particularly hard to taste as, in order to avoid the risk of a secondary fermentation – highly unlikely, anyhow, especially in this year's very cold weather – the wines all were injected with sulphides just before the weekend of the auction. The result was a lack of colour and a hard, acid taste that obscured fruit and body.

This could have contributed to a 24 per cent fall in prices for the reds and 5.4 per cent for the whites: a drop for the fourth year in succession following the mostly excessive rises from 1985 to 1989. During those years, prices that, for charity and publicity reasons, traditionally are about double those in the outside market, rose by three or four times.

This year, in a stagnant market for the Côte d'Ors Grand and Premiers Crus wines, merchants were less prepared to buy. The classic red Beaune, Nicolas Rolin, that had made more than FFr43,000 a cask (300 bottles) in 1989 was knocked down this time for FFr12,000, while the Meursault Philippe le Bon fell from FFr81,000 to FFr20,000. And although 759 casks were offered – 96 more than last year and the highest total for 20 years – the proceeds of FFr10.617m were more than FFr1m less than 12 months earlier.

The most interesting aspect was the substantial acquisition by merchant firms which deal with French supermarkets. Unlike buyers for top-level clarets, these firms had not been much involved with leading burgundies.

As in Bordeaux, a potentially very fine vintage was diluted by rain. There had been an early but variable flowering at the beginning of June, followed by stormy weather in June and July, but August was exceptionally hot and sunny.

Picking began in the Côte de Beaune on September 15 and was mostly completed by the 21st. Then came heavy rain on the 22nd and later, just when much of the Côte de Nuits was picking.

The parcellation of the Burgundy vineyards means that it is sometimes hard to summarise the year's vintage. In theory, this year, the Côte de Beaune was more successful than the Côte de Nuits, but I tasted prominent tannin everywhere. Eighty per cent of Meursault's premier cru was damaged by hail and there was hail, too, in Chambolle. A provisional expectation is fairly light reds that can be drunk early but whites that are austere and lack character.

Prices will not follow the Hospices' falls – for the simple reason that they have dropped already. In the past year, so much regional wine (Bourgogne Rouge, Aligoté, Mâcon, etc) has been sold at low, often loss-making, prices that a run on the '93s has cleared out the market already.

There is no *en primeur* fine wine market in Burgundy and most growers (not the merchants) prefer to offer their wines in bottle in two years' time. So, we have plenty of time to make up our minds about buying the '93s. But, like their two predecessors, they will be inexpensive by burgundy standards. (Indeed, one distinguished merchant, Louis Latour, told me that in real money terms, prices were back to the 1962 level.)

I tasted some attractive '92 whites at prices half those of the '89s. The '92s will be available next spring and the reds are thought to be acceptable but not very interesting although the whites already have a high reputation: rich and full-bodied. The '91 whites, appear dull although, on the spot, there are some great admirers of the reds. Of course, the most attractive vintage recently is '90, but whether it is superior to the '89s remains open to question.

The trade in Burgundy is in better shape than last year, and there is a good market for the "village" wines. The recession in France has hit hard, but both Latour and Drouhin have expressed confidence in the UK market. Confirmed burgundy drinkers can look forward to plenty of very acceptable, moderately priced wines.

Edmund Penning-Rowsell

Appetisers

Strictly for serious claret lovers only

The most perfect gift for a claret lover has presented itself in the nick of time for Christmas: the beautifully-bound and long-awaited magnum opus based on the unusually rich archives of Bordeaux first growth Château Latour.

Château Latour – The History of Great Vineyard 1331-1992 by my revered colleague Edmund Penning-Rowsell is a translation and synthesis of a two-volume work based on the Latour archives which appeared in French in 1974, but is very much more handsomely produced and continues the Latour story right up to this year when Allied-Lyons sold it back into French hands, concluding a 30-year British stewardship.

It was just after the property was bought by Pearson, owners of the *Financial Times*, that the extraordinary collection of correspondence between the managers and owners of the estate was found, some dusty cupboards yielding a history not just of this property but of the world's most famous fine wine region, back to the 14th century.

The book is elegantly written and helpfully presented so that anyone interested in bordeaux finds it difficult not to be drawn in to this inside story of how some unremarkable marshland was transformed into the fount of one of the most magnificent liquids in the world.

The book is produced in a strictly limited edition, the first 10 copies are signed, and costs £145 from Hatchards of Piccadilly in London (071-439-9921) or from the publishers Segrave Foulkes on 081-546-8909). *Jancis Robinson*

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The *FT* promotion "Lunch for a Fiver" last January, which allowed people to eat in top-class restaurants for £5, bore several pale imitations in subsequent months. Coming shortly to a bookshop near you, however, is the book *Dinner for a Fiver*.

This is a direct response to a reader's letter which asked me how the 130 restaurants in our scheme managed to prepare a two-course lunch and sell it for £5. I asked the chefs and restaurateurs to provide me with a representative three-course menu which they had offered during that fortnight together with the ingredients and method.

Dinner for a Fiver contains recipes from more than 60 of the restaurants which took part and includes, in its 192 pages, menus for French, Italian, Chinese, Thai and even Belgian dinner parties.

Vermilion, the publisher, was brave enough to rise to my challenge calling for the paperback to sell for £5. The official publication date is January 6 but copies should be in the bookshops before Christmas. It is also available by mail order. Tel: 0279-427203. *Nicholas Lander*

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The record for the biggest ever single sale of cigars belongs to *Zino Davidoff, doyen of cigar merchants*. In a splendid new

coffee-table book, *The Illustrated History of the Cigar*, he recalls that the event occurred in the late 1950s at his Geneva shop, when ex-King Farouk of Egypt, a large man in every way, placed an order for 40,000 Hoyo de Monterrey Double Coronas.

After many cables and phone calls to Cuba, the order was able to be confirmed. The king kept his side of the bargain, paying what now would be the equivalent of £400,000.

The Illustrated History of Cigars, by Bernard Le Roy, Maurice Szafran, is published by Harold Starke Publishers, Eye Suffolk, 200 pages, £40. *Frank Gray.*

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If you have left an important client off your Christmas hospitality list *nil desperandum*. Jeroboam's, the wine and cheese specialists, can come up with plenty of ideas for corporate presents. It specialises in putting together gift boxes for companies "whatever the budget". To ensure pre-Christmas delivery in the UK last orders should be in by December 16. Contact: Jeroboams 51 Elizabeth Street, London SW1W 9PP. Tel: 071-823-5623, fax 071-823-5722. Retail and wholesale. *Jill James*

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Essex company Tremayne and Webb, of The Gatehouse, Hobbans Farm, Bobbingworth, Chipping Ongar, is also well-used to supplying company boardrooms. Hampers and gift packs start from £9.75 up to The Ultimate Indulgence Hamper at £425. Kimberley and Toby Webster will provide more details. Tel: 0277-890525, fax: 0277-890149. Last orders for UK delivery December 15. *JJ*

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Marks & Spencer is also trying to snatch some of the corporate market this year with its gourmet gift chests. Champagne, port and Christmas provisions come in a wooden chest at £250. Although I find the appearance of their cakes unattractive – "shop cakes" my grandmother would have said dismissively – its range of biscuit and chocolates is good. Attractively packaged, prices start for as little as 29p for chocolate pennies. Ideal stocking fillers and children's fare.

Careful selection of M & S canapés will also save you a lot of party catering time. Smoked salmon rolls filled with cream cheese or smoked salmon pate (£6.99 for 18) make a reliable cold platter. *JJ.*

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Innes traditional organic sourdough bread tastes like bread used to. A 2kg loaf measures 15 inches across and the dough takes five days to rise. It can be bought by mail order from Thoby Young at the Fresh Food Company, 100 Bayswater Road, London, W2 (tel or fax 081-969-0351). It costs £10.50 including p and p. With the bread, try Mojama tuna, from Andalucia, a delicacy not readily available in the UK. *Lucinda de la Rue*

Distinctive Scotch

Giles MacDonogh samples some of Campbelltown's pride and joy

Campbelltown is a remote place. It lies almost at the end of that long spur of Scotland called Kintyre. If you are forced to take a bus it will take more than three hours from Glasgow. If the driver insists on stopping to eat his sandwiches, it will take almost four.

Campbelltown's is a sad story of decline. There were once 33 distilleries here. Today these are reduced to just two (and a bit). Their story has been told in a recent book by Brian Townsend: *Scotch Missed: the Lost Distilleries of Scotland* (Neil Wilson of Glasgow, £14.99).

No one is completely certain why Campbelltown became the "Detroit of Malt Whisky" in the 19th century. At first proximity to Ireland probably had something to do with it. Then there were the thirsty stevedores of the Glasgow shipyards to assuage and, finally, the great steamships which passed Campbelltown on their way out to the Atlantic. Some time around the turn of the century quality began to tail off in Campbelltown. Most likely the distillers had been overproducing. The distilleries limped through the first world war but were rubbed out one by one during the Depression.

Springbank is now the only Campbelltown whisky which can be said to thrive. Glen Scotia is periodically silent and Longrow is an occasional product of the Springbank stills.

Springbank is a highly individual whisky, a reflection to some degree of the fact that it alone of all Scotland's whisky distilleries – with the exception of Glenfarclas on Speyside – remains a small family business. Springbank has a modest peat count – about a third as much as Laphroaig across the water on Islay. Longrow uses 100 per cent peated malt, but wears it lightly.

At Springbank they call the complicated distilling operation "two-and-a-half times distilling". The spirit which comes off the still should be light and characterless. Not so Springbank. The Wrights put this down to the eccentric washstill and its rummager (this whisks around the still) creating Springbank's much-admired complexity. The rest of the process is also individual. Most distilleries bottle their whiskies at a convenient central location after breaking them down to drinking strength with demineralised water. Springbank bottles at source using water from Crosshill Loch. For this reason its bottlings are at 46 per cent. At this strength they have determined that the whisky will not go hazy, unless, for some peculiar reason, you store your whisky in the fridge.

Springbank bottles whisky in a variety of styles. The classic 10-year-old is a nice balance of sherry sweetness and peaty smokiness. The 15-year-old has more bourbon oak character with some floral notes. The 21-year-old is a return to sherry with a nutty richness about it: a superb whisky; the 25-year-old is a classic after-dinner whisky with great weight, built in a rich fruity style. The 30-year-old is rather woody.

Springbank also bottles vintage whiskies. A 1972 (19 years in wood) was another bourbon wood spirit with an attractive nuttiness; the 1965 (25 years) was sherry again; the 1962 (29 years) was already woody but with a splendid combination of oloroso sherry, licorice and peat. I did not much like the 33-year-old.

Finally, Longrow should not be overlooked. The 16-year-old is a surprisingly lemony dram with a very subtle peatiness.

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On the other side of Campbelltown Loch is the Isle of Arran where the Curries are building the Lochranza Distillery on the northern end of the island.

The shareholders intend making a relatively light whisky at Lochranza, not some peaty bruiser like an Islay malt. At the moment they believe other distillers will take fillings of their whisky for their blends but the survival of this brave venture does not depend on selling to the major whisky companies.

Lochranza is currently selling £450 bonds which entitle purchasers to five cases of a blend based on Lochranza malt in 1998 and five cases of the malt itself in 2001. This will be a seven- to eight-year-old whisky. They see the importance of the bonds as a means of establishing a customer base for the future. They are not issued in order to cover the building costs. Anyone interested should call 0290-552282 or fax 0290-550177.

Chocolate with sex appeal

Chocolate needs an educated palate, says Mandy Bentley

A love of fine wines is chic. But claim a similar passion for chocolate, and you are likely to be branded a superannuated Ovalteeny. In Britain, the general perception of chocolate – notwithstanding masked intruders abseiling into one's bedroom – is about as sexy as flannel nightwear.

Chantal Coady would like to change all that. She is the founder of the Chocolate Society, and proprietor of Rococo, a tiny temple in the King's Road dedicated to chocolate.

Coady believes that mass marketing and cheap substitutes for essential ingredients have degraded consumer taste. Chocolate confectionery has been reduced to an amalgam of sugar, fats and chemicals whose association with cocoa is entirely coincidental. The once sensuous, high-tax luxury of aristocratic boudoirs has gone the way of the powdered wig.

But, she says, we are now on the brink of a chocolate renaissance. The British, joint third with the Belgians in the league of European chocolate consumers, are waking up to the pleasures of the "real" thing.

Chocolate, like wine, requires an educated palate. It should appeal to the senses even before it reaches the tongue; glossy and fragrant, with a characteristic snap, like tree bark, when broken. It should melt smoothly in the mouth, and have a long "finish".

Among the painted clouds and plaster *putti* of Coady's little shop, I was guided *through a tasting: from* the rich bronze Grand Cru No 1 (£3.25), with all the "red notes" of the pure Criollo bean, to the dark blended *amer* chocolate made with 85 per cent cocoa solids. Coady pointed out the astringent "green" notes introduced by the Trinitario bean, and woody, *citrus or dry* flavours inherent in various blends.

Next, we sampled chocolate with added flavours. Some combinations were familiar, such as orange or mint; others, like cinnamon, more exotic. But the real *liaison dangereuse* was the Pink Peppercorn (£2.50). If one were looking for conclusive proof of chocolate's emancipation from the nursery, *this is it: strictly* adults only.

Rococo's range of chocolate comes in 100gm bars. A selection would make a delicious gift for a "foodie" friend, and, since Rococo encourages customers to try before they buy, I can also recommend the experience of making the choice.

There are, of course, those for whom chocolate has never lost its sex appeal. Charbonnel et Walker, chocolatiers By Appointment, have been in the business of ravishing their clients' taste-buds for over 100 years. Madame Charbonnel was reputed to have been a chocolate lover of no mean status – a royal mistress, no less – and C&W still treats its customers like royalty.

Its presentation is as seductive as the chocolate itself. You can fill an exquisite hand-made box covered in moire *or Liberty print* with a 10 lb assortment (C&W will keep a note of your favourite centres), or house two violet creams in a tiny silk casket.

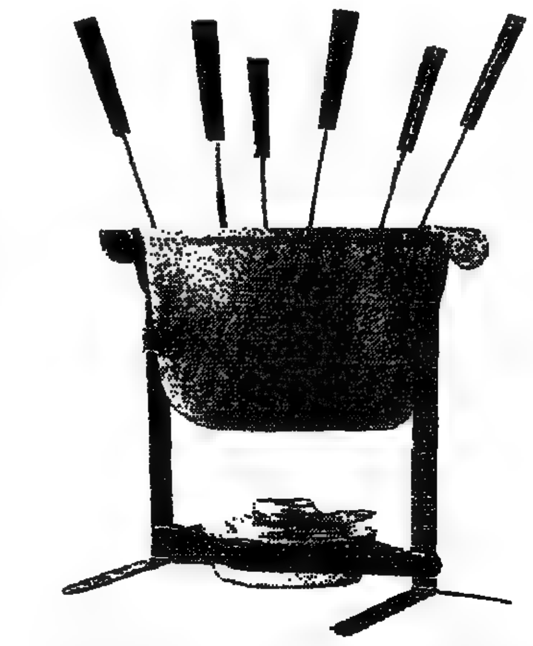
Casanova, who considered chocolate a potent aphrodisiac, would have appreciated the chocolate champagne bottle, *nestling in white satin and* filled with champagne truffles (£33).

If you want to be more explicit, you can deliver a personal message, in chocolate letters hand wrapped in foil, spelled out among an assortment of filled chocolates in C&W's Boite Blanche (£33 for 1¼lbs). One customer recently sent a box with the message, "Ring Me" and a telephone number. C&W is too discreet to reveal the outcome.

For Christmas, there are elegant crackers, in seasonal red and gold or the traditional blue and white Charbonnel house style, which slide open sleekly to reveal 4ozs of bittermints (£11.95 each). And, having cultivated a taste for "real" chocolate, indulge it further with one of the sublime truffle sauces (original, dark rum, Grand Marnier or Cognac, £5.75).

If you still think chocolate is kids' stuff, you deserve to be confined to the nursery for life.

■ Chocolate is available by mail order and/or courier service from: Rococo Chocolates, 321 Kings Road, London SW3 5EP. Tel: 071-352-5857. Fax: 071-352-7360 Charbonnel et Walker, One, The Royal Arcade, 28 Old Bond Street, London W1X 4BT. Tel: 071-491-0939. Fax: 071-495-6279.



FASHION

Niche brands spread their wings

Changes in the high street are leading specialist companies to diversify. ***Richard Rawlinson*** *reports*

The fashion industry is in the throes of a brand revolution, as niche brands are "going life-style". Companies successful in a specialised area – such as knitwear – are diversifying into comprehensive clothing and accessory ranges in order to capitalise on the strength of their name.

Pringle and Burberrys, known for their cashmere jerseys and raincoats respectively, have introduced ranges of men's and women's clothing and accessories. Dr Marten, famous for its boots, has branched out into men's casual wear. Designer Paul Smith, acclaimed internationally for his menswear, is now designing for children and is about to launch a women's collection.

Andrew McRobb, Pringle marketing director, says the reasons for diversification are more complex than simply exploiting a name. "We are responding to dramatic changes in the high street over the past few years," he says.

"The growth of branded life-style chains such as Next has forced the demise of many specialist boutiques, which used to stock our merchandise. We must, therefore, produce a life-style offer aimed at department stores."

McRobb believes changes in department stores have also fuelled the movement. "Stores used to have specific sections for knitwear, but now they have life-style sections, which include knitwear," he says. "They stock brands such as Cerruti and Escada which offer knitwear as part of a broader range. British brands have been traditionally slow to adapt to the evolving retail structure, and we have a lot of catching up to do."

When niche brands diversify they tend to make a bold statement to consumers by opening a flagship store displaying the full range. Pringle, for instance, has just opened one in London at 93 New Bond Street. And Levi Strauss customers have been made aware that it offers lots more than just jeans since the opening of its Original Levi's stores.


Doc Martens leather jacket (£215) cotton drill trousers (£49) cream jumper (£125) woolly hat (£15)


Burberry: warmer (£895), cord trousers (£79.50) shirt (£45), waistcoat (£110) jacket (£295)

The expanded Pringle collection emphasises casual wear: men's Fair Isle jerseys are combined with tartan shirts, polo shirts, washed cotton chinos or denim jeans. Alongside marine-inspired cotton knits for women can be found flowing floral dresses or more sophisticated cashmere/silk palazzo pants and tunics for the evening, and Celtic-inspired, hand-crafted jewellery.

Wayne Hemingway, managing director of Dr Marten Clothing, says of his company's diversification: "Dr Martens is one of the few icon brands in youth culture. Like Levi's, Wrangler, Timberland and Nike products, DM boots transcend fashion. The brand name is strong enough to carry a complete clothing range."

The clothing collection is aimed at style-conscious young men and is divided between the street-wise Dr Marten Useful Clothing range and the more mature Dr Marten Gents line.

The latter is a witty combination of British work wear and the type of clothes worn by the gentry for sporting pursuits. It includes heavy leather despatch-rider coats, donkey jackets and tartan trousers, along with tough cavalry twill and washed corduroy, chunky jerseys, tank tops, and semi-formal shirts in exaggerated cotton Oxford.

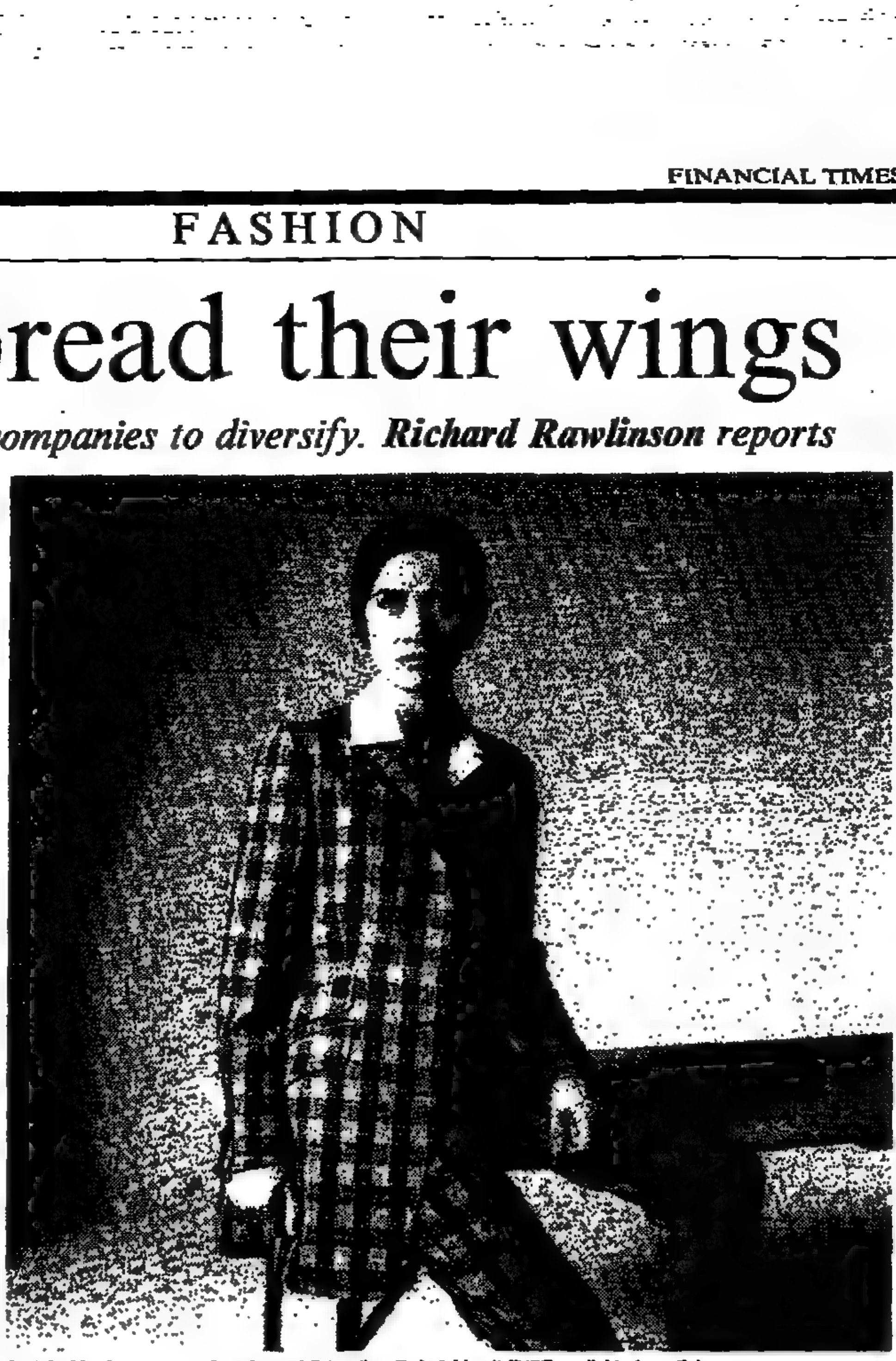
For next spring and summer, the range takes a nostalgic trip back to caravan holidays in Bognor in the 1950s with towelling tops, knitted waistcoats and cardigans and short trouser suits dominating.

Dr Marten is opening a large clothing and footwear store next year in London's Covent Garden. The clothes are already stocked by Harrods and Selfridges in London, and Red or Dead stores in Leeds, Nottingham, Birmingham, Manchester, Glasgow and London.

Burberry is equally keen to draw attention to the width of its range which already embraces clothes for men, woman and children, luggage, food, scent, toiletries and, most recently, jewellery and evening wear.

Thomas Burberry, the company's diffusion line launched last year, deliberately steers clear of rainwear and includes sweat shirts, bodies and leather jackets. Managing director Stanley Peacock says: "Today, Burberry rainwear represents only 35 per cent of the business and the main growth areas are knitwear and accessories. The house check has become a signature used as a mark of identity linking a wide range of products."

Its men's clothing collection for this autumn and winter features navy pin-striped or grey Prince of Wales suits, Burberry check shirts, polka dot and paisley ties along with casual suede waistcoats, Ban sweaters and duffle coats.


Paul Smith: three-quarter length wool fish-tail-cuffed plaid suit (£475) available from February

Paul Smith says he is introducing women's clothing, having observed how many women come into his shops to buy menswear either for their partners or for themselves. His collection captures the essence of the men's range with the emphasis on beautifully-cut suits and separates, quality fabrics, and details such as inside pockets, hand stitching, and vivid linings, normally the reserve of men's tailoring.

The silhouette is slim, with long, four-button jackets and knee-length Epsom coats in natural linen, navy mohair, and quirky pistachio/damson plaids. Skirted jackets feature pronounced flap pockets and fishtail cuffs and come in orange, purple, red and navy silk dupion. Trousers are slim, as are shirts which have long collars and, often, Nottingham lace cuffs.

Paul Smith is opening a shop for his women's wear early next year, alongside his menswear emporium in Floral Street, London. The collection will also be stocked nationally by leading department stores.

It is not just clothing manufacturers who are diversifying in order to capitalise on their name. Jigsaw, the women's chain, has opened a men's clothing shop in Floral Street, with knitwear and a covetable black leather reefer coat, priced reasonably at £385, proving particularly popular.

Browns, the designer retailer on London's South Molton Street, having acquired a reputation through stocking labels such as Romeo Gigli and Donna Karan, is basking in the reflected glory by launching its Browns' Own Label women's clothing collection. Both Jigsaw and Browns' Own Label fill a gap in the market between high-priced designer labels and affordable high street brands.

While Italian, French and US fashion houses make fortunes out of everything from licensed scent to sunglasses to bath towels, UK brands are just beginning to wake up to the opportunity of a lifestyle.

■ *Richard Rawlinson is news editor of Fashion Weekly.*


Browns Own Label: trousers (£[illegible]) jacket (£185) waistcoat (£225)

هكذا من الأصل

FASHION

Ruby crushed silk velvet dress with gold frogging, to order from Lindka Cierach, 071-373-3131 (dresses from £1700). Velvet slippers, £57.99 from Russell and Bromley. Earrings, £89 from Butler and Wilson. Pearl and gilt cross, £24.95 from Fenwick. Garnet and gold necklace (in hair) by Barbara Bosha Nelson, £165 from Harvey Nichols, Ally Capellino, Wardour Street,W1 and Moore and Co. of Windsor. Burgundy tights by Golden Lady, £2.99 from Selfridges.

Pictures by Trevor Leighton

Red crushed velvet dress with gold lace trim, by Frank Usher, £285 from Fenwick, Harrods, Selfridges, Ambers of Amersham, Jacquie of Weybridge and Miss Pickwick of Salisbury. Gilt and glass choker, £148 from Butler and Wilson. Garnet and gold necklace (in hair) by Barbara Bosha Nelson, £175 as above

Printed silk velvet top by Georgina van Etzdorf, £275 from Harvey Nichols, Knightsbridge, London SW1 and Richard Creme of Manchester.
Blackberry velvet trousers, £220 from Caroline Charles, Beauchamp Place,SW3 and Hoopers of Cheltenham.
Velvet boots, £500 from Chanel, Old Bond Street, W1 and Sloane Street, SW1.
Velvet cap by Corinne Hatton, £47.75 from The Hat Shop, South Molton Street, W1, Neal Street, WC2 and Glasgow.
Jet-look cross, £69 from Butler and Wilson, South Molton Street, W1 and Fulham Road, SW3. Beads, £17 from Marks and Spencer. Amethyst and gold ring by Verdura from Obsidian, Duke Street St.James's, SW1.

Get dressed up for the Medieval revival

Velvet is the dominant fabric in evening wear. ***Avril Groom*** *reports*

The best-dressed parties this winter have a touch of the Gothic about them – anything from medieval high romance, through Renaissance richness to the arts and crafts movement.

It is easy to see from where this revival comes.

The current dominant shape is flattering fit and flare – a snug, narrow-shouldered bodice fluting out gracefully to a full hem – and it is but a short step in the designers' imagination to a medieval fantasy of raised waists, scooped-out necklines, flared sleeves, rich velvets and figured damasks, jewelled crosses and huge rings – even small trains on those fluted skirts.

Velvet is the unifying thread running through this winter's fashion stories and it asserts its supremacy even more strongly for evenings, its natural habitat.

Crushed, pleated, panné, embroidered, beaded, devoré or just smoothly glossy, it is the must-have fabric of the moment.

If you are buying one evening piece this winter, make it a simple, loose-cut black velvet tunic: Ben de Lisi's is one of the best.

Get Gothic for now with spanking great crosses and oodles of jet, but have the comfort of knowing such a classic will look just as good in other guises when fashion returns to the 20th century.

Black is still highest-rated for evening but velvet gives hope to those who believe there is night life after black. Its pile is woven as tiny loops, which are then shaved off.

This very fine, carpet-like texture creates a depth of colour and sheen that lends itself to the glowing shades of medieval art – ruby, burgundy, deep green royal blue and purple.

Many fibres can take a velvet pile. Cotton is tough but has little sheen or drape and is best for tailoring; Liberty sells it for £13.95 a metre.

A viscose-acetate mix, around the same price, is softer but for a sinuous, shimmering medieval dress, a viscose and silk mix at £49.95 would drape much better.

Pure silk velvet is now an haute couture rarity. All velvets show marks, so the crushed type, where the pile is pressed in, is more serviceable.

Whatever its finish, velvet has an instantly dressy effect which is also versatile.

Without any adornment, the basic budget velvet dress, usually in stretch panné velours with a scooped neck and fluty skirt, would be fine for an informal dinner or anywhere on the young and stunning.

A short, cap-sleeved version in green or black from Marks and Spencer (£39.99); Monsoon's long style in black with a tracery of gothic patterning (£80); or Monix's emerald-green flute and Whistles' purple tunic style would pass muster worn innocently with a simple silver cross on a leather thong and plain, centre-parted hair.

And yet, as a foil for a treasure chest's worth of beads, baubles and jewelled crosses, any of them could look immensely grand.

At the other end of the market, designers tend to add the jewels for you, trusting their own taste rather than that of their customers.

Amanda Wakeley's blackberry velvet, strappy column, moulded to every curve, has a high-waisted bodice encrusted with whirls of old gold beading (£699).

David Fielden's sleeveless midnight blue fishtail style (£404) has a wide, beaded hip belt that would grace a medieval siren; while a silken hood overlaid with old gold lace and scattered with golden beads adds a touch of mystery to Hardy Amies' burgundy couture sheath (dresses from £2,600).

Camouflage to be seen in

Jane Mulvagh *takes to the moors and finds a colourful variety of hunting attire*

To the moors to admire a man's leg! How rarely we see it and what a joy to behold if well-turned under a pair of breeches. If a girl wishes to take on this spectator sport she must also take on the elements, for the moor is one of the last public places, *apart from the swimming* pool, where the male limb, "clean as a fork with the wind whistling through its prongs" (as Mrs Mountstart Jenkinson wrote of Sir Willoughby Patterne in the 18th century) can be admired.

Panting up behind a keen stalker, his breeks blown tight against his rump, his prongs defined in peaty, ribbed stockings, is all enough to send her heart racing and her lungs burning – or is it the interminable climb? They call such attire "camouflage" but I'd call it the most glorious adorning of the male species.

Camouflage. People define it in such curious ways. Surely the aim is not to be seen: by stag, grouse, salmon or hare. And yet there seems little camouflage afforded, as most, save *for the locals,* attempt to flaunt, not camouflage, their prosperity and their physical prowess.

Surveying the huntin', shootin' and fishin' fraternity around Perthshire one can almost predict who will come home with a full bag just by looking at their attire.

The locals naturally, look the most convincing in a colour span that ranges suitably from lovat and Sherwood greens to peat and bogwood browns; for barely half way up the drive they disappear into the similarly-hued terrain.

The Germans come a pretty close second: a sober and military lot who, like the Scots, approve of parsimony, and so favour weathered Loden hand-me-downs. But those Italians just can't help adding a dash of peridot or scarlet cashmere to their sensitive limbs. Like baboons on heat, they announce their eager and colourful presence.

By far the most extraordinary camouflage is displayed on two American lady falconers, ankle-deep in heather in search of grouse. One is in a clashing concoction of Bay City Rollers' tartans, which she has crowned with a waxed cotton Indian turban; the other, built like a sturdy ram, is in a midi-length black distressed leather coat inset with a panel of plastic panther pelt along her spine.

That an amorous local wild cat has not compromised her is quite remarkable.

Three Texan sisters hunting rabbits through the rushes seem not to have heard of sporting camouflage and still to believe that flaunting it is *all.*

The trio are identically kitted out in champagne-coloured leather field-boots from Schneiders, and a fawn suede jacket and matching breeks tailored to the slenderising millimetre.

The buttermilk cashmere polo-necks and taupe stetsons atop their bottle-blonde locks make them look like brittle bamboo canes about to snap in the gales of an unsuitable climate.

The dry-cleaning bills alone for those sodden suedes trumpet their affluence.

But even the pros are occasionally tempted from their green-brown camouflage, probably out of boredom. The suitably sober falconers setting off with Harris hawks could not resist the chicken-yellow stockings shown to them by their Japanese clients.

There they stand, proud but silly, in lovat to the knees, their lower legs mimicking the yellow talons of their hunting machines and the plumage of the one-day old chicks stuffed into their pockets.

The gap between tradition and high fashion is too large to bridge when hunting and just as the Leander Club oarsmen bemoaned the colour of their flamingo-pink socks earlier this year at Henley – too bright to convey the correct provenance – so the ageing snobbery persists north of the border.

But for the newcomer who wants to appear authentically barbarous, all is well. I hear that a London firm has set up a service to ensure instant eligibility: they will distress and age your new waxed jacket!

Now that is keen camouflage.

Scarves: an alternative

There is hardly a fashion editor who doesn't own a Georgina von Etzdorf scarf – but there are alternatives.

Calver & Wilson, for instance, go in for rich plain velvets, the most delectable in panné velvet. The scarves feature richly contrasting or toning borders. The range starts at £39.50, with children's versions at £12.

The range is stocked at Browns of South Molton Street, London W1, Harrods of Knightsbridge, London SW1, Joseph, Liberty and other quality shops.

L v d P

MOTORING AND SPORT

Motoring

What will the Chunnel offer?

***Stuart Marshall** casts a sceptical English eye on the benefits of undersea travel*

Like millions of people living in the south-east of England – and particularly in my own county of Kent – I have never been a Channel Tunnel enthusiast. This is not because the high-speed rail link, should it ever be built, would go anywhere near my home. Put my feelings down to being an old-fashioned reactionary. I liked Britain being a proper island and I have always seen the Channel crossing by ferry as pleasure, not penance.

I doubt I was alone in hoping that if I ignored the Chunnel, it just might go away. But new bridges began appearing across the M20 as it neared Folkestone, while a forest of gantries and overhead wires went up behind high concrete retaining walls. Work trains could sometimes be glimpsed.

When the first advertisements appeared for the Chunnel car ferry, which starts running next May, I thought it was time I had a look. It was a revelation. What has been built, unseen by M20 users, is something as big as an airport terminal. But instead of acres of runways, there is a marshalling yard and rail tracks running into a tunnel.

The operating company, Eurotunnel, says people still have many misconceptions. Many think they will be able to drive their cars through to France; and while most do realise it is rail only, some believe their cars will go on flat trucks, as on car-carrier trains, while they ride in passenger carriages.

Wrong again. You stay with your car in a windowless van. You can walk around it if you wish, but the only place to visit is the lavatory in every third interconnected coach.

When, in five months, the tunnel starts competing with the car ferries, this is what will happen. Motorists will leave the M20 by the Eurotunnel slip road, pause at a toll booth to pay for their passage, and then have a choice. Those in a hurry can pass through Customs and drive straight on to the train. Others can go to the terminal building for refreshments and duty-frees.

Tickets can be bought from travel agents in advance but there are no reservations; all-comers get in line for the next train. At peak times, there will be one every 15 minutes; but if you just miss one at, say, 2am, you could have to wait an hour or so.

Platform to platform, the under-Channel train will take 35 minutes. Eurotunnel says that, during the day, a motorist should be able to drive out of the French terminal at Sangatte, near Calais, and on to the A26 autoroute within one hour of coming off the M20.

There will be separate ferry trains for cars and commercial vehicles. Main line passenger and freight trains will also use the tunnel but, apart from sharing the tracks, have nothing whatever to do with the car ferry trains.

Fares have not been fixed but, to compete, they must be about the same as those on the ships. Every safety and security precaution known to man has been taken. Using Eurotunnel should be rather less risky than riding in a clapped-out London Underground train.

Will it kill off the Dover-Calais ferries? Of course not, although it will take a chunk of the available (and constantly growing) business of transporting cars and lorries to and from mainland Europe. If the tunnel's freight trains reduce the number of juggernaut lorries now pounding our motorways to pieces, every motorist will cheer.

I have two reservations about Eurotunnel (which, beyond any argument, is a wonder of 20th century civil engineering of which Britain and France can be proud). While I do not exactly relish the thought of an underground – and, even more so, undersea – journey of more than 30 miles (50 km), I shall certainly try it. But the idea fills many people with such undiluted horror that they say there is no way they will ever make the trip.

A more logical objection is that the time saving could be an illusion. The train might take 35 minutes, platform to platform, against the ferry's 75 minutes, dock to dock. But you can eat, stretch your legs and shop during the sea crossing. A family driving from, say, Birmingham to Paris would have to stop for a meal before or after the tunnel crossing – so what has happened to the time saving?

Many cross-Channel travellers, very sensibly, use the ferry as a mobile motorway service area. So, with an eye on the Chunnel's opening, P&O and Stena Sealink have upgraded their fleets. The ships are now more like cruise liners than ferries in size and facilities. They are so stable that even a gale does not disturb their equilibrium – or, more important, that of their passengers. For an extra £5 on each leg, P&O club class is a truly civilised way of crossing the Channel.

When heading west to Normandy and Brittany, I like using the longer routes such as Newhaven to Dieppe; Portsmouth or Southampton to Le Havre, Cherbourg or St Malo. Longer crossings are not always reflected in higher fares; a four-hour Newhaven-Dieppe voyage can be cheaper than Dover-Calais.

Although the ships on these routes are not as large as the short-haul super-ferries, their facilities are comparable, if on a smaller scale. My wife and I have passed less comfortable nights in hotels than we did recently between Portsmouth and St Malo on Brittany Ferries' 23,000-ton *Bretagne*. It has every facility to make the eight-hour crossing pleasant; even a hairdressing salon.

■ In Britain, Suzuki is synonymous with small four-wheel drives, and its Swift front-wheel drive hatchback gets overlooked. It deserves better. I thought the Swift GLX 1.3 automatic five-door, which I used as a runabout recently, would suit many buyers whose motoring is mainly in town and who rate ease of control above all else. The four-cylinder, multi-valve engine and three-speed automatic gearbox are well matched. Power steering is finger-light; central locking and a tilt-adjustable steering wheel are standard; and the high-roofed body is agreeably roomy, with good all-round vision. The ride can be bouncy on bad roads, and luggage has to be lifted over a high sill. But, but at £9,125, the two-pedal Swift is cheaper than any power-steered rival.

Sailing/**Keith Wheatley**

Blown through the pain barrier at record speeds

Sailors are finding the pain barrier at least as relevant as boatspeed when it comes to driving the Whitbread 60 class. "It was very wet, very cold and very dangerous. I wouldn't wish it on anyone," said Andrew Cape, navigator of second-placed *Tokio*, when he stepped ashore in Fremantle at the finish of the Whitbread second leg.

His colleague, watch-leader Matt Smith, stood barefoot enjoying a cold beer and the Aussie sunshine. It was first time he had had his fleece-lined seaboots off since the leg began.

The watch running into the finish was the first without the crew muffled in foul-weather gear.

"I hate the Southern Ocean," cursed *Winston* skipper Brad Butterworth as he stepped ashore. "Foggy, rainy. An incredibly bleak and stupid place. No wonder there's no one down there."

Tokio is still race-leader, her first leg lead chipped away when *Intrum Justitia* finished, two hours ahead of her.

Skipper Chris Dickson was happy to confirm that his tactics were ultra-cautious through the 7,500 miles of the Southern Ocean.

"In our boat we were very, very conservative. Every time it blew over 40 knots of wind, we'd see *Intrum* gain between 10 and 20 miles on us in a six-hour period. After two high-speed broaches which we didn't enjoy at all, we'd just take the foot off the pedal."

Probably the worst weather of the leg came a week ago on the night *Brooksfield*, the Italian entry, began to sink.

With over 60 knots of wind across the deck *Tokio* was sailing with no headsail and just a deep-reefed main. Nevertheless, the lightweight sloop was still making 15 knots – and according to the next day's satellite position check had gained on several rivals which had pressed on regardless and suffered sail and equipment damage.

Intrum, skippered by British helmsman Lawrie Smith, had led the W60 fleet since leaving Uruguay 25 days ago. During that period she broke the world speed record for a 24 hour run, covering 425 sea miles. Yet her biggest trial came two days from the finish just off the West Australian coast.

"We just found a hole between us and Australia," said navigator Marcel van Triest, explaining how the yacht drove into a windless localised high-pressure system that saw boat speed fall to under two knots.

First across the line: *Intrum Justitia* reaches Fremantle

Tokio closed from over 80 miles astern to 19.

"We deserved a bigger lead than two hours. It was pretty frustrating to see two weeks work eaten away like that," said Smith. His victory was all the sweeter for having been achieved against the odds.

Intrum's original skipper Roger Nilson pulled out of the race on medical grounds. Smith was hired and joined the yacht just days before she left Uruguay. Morale was a little wobbly after a disappointing first leg that left the well-funded and highly-organised yacht to finish in fifth place.

"He was very quiet at first, joining each watch and observing how people performed before making any moves," said navigator Marcel van Triest. "Lawrie got respect from the crew because of his capacities as a sailor not because he was imposed by a sponsor."

However, it was van Triest's contribution that gave Intrum her vital break. The destruction in a gale of the vital mid-size gennaker meant that by the half-way point of Prince Edward Island, *Intrum's* slender lead over Tokio was being eaten away to less than two miles.

"As we rounded Prince Edward they had us on visual and we had to get away," recalled Smith. "Marcel said to go south, although it put us on the wrong gybe and I wasn't too happy about it."

"I said we had a two-thirds chance of gaining 20 miles and a one third chance of losing 10, so Lawrie said do it," said van Triest. "Then he moaned about the decision the whole night."

Van Triest emerged from the leg with his professional reputation sky-high. *Intrum* caught a ride on a localised low pressure system and was 50 miles in front by dawn.

"We could see their sails down to the south just racing away from us and there was nothing we could do," said Dickson. In the context of the race overall, his own performance was near faultless.

"We started this leg with a 10-hour lead over *Galicia Pescanova* who were lying second, and we're now 15 hours up on them, so we feel we have improved," added Dickson.

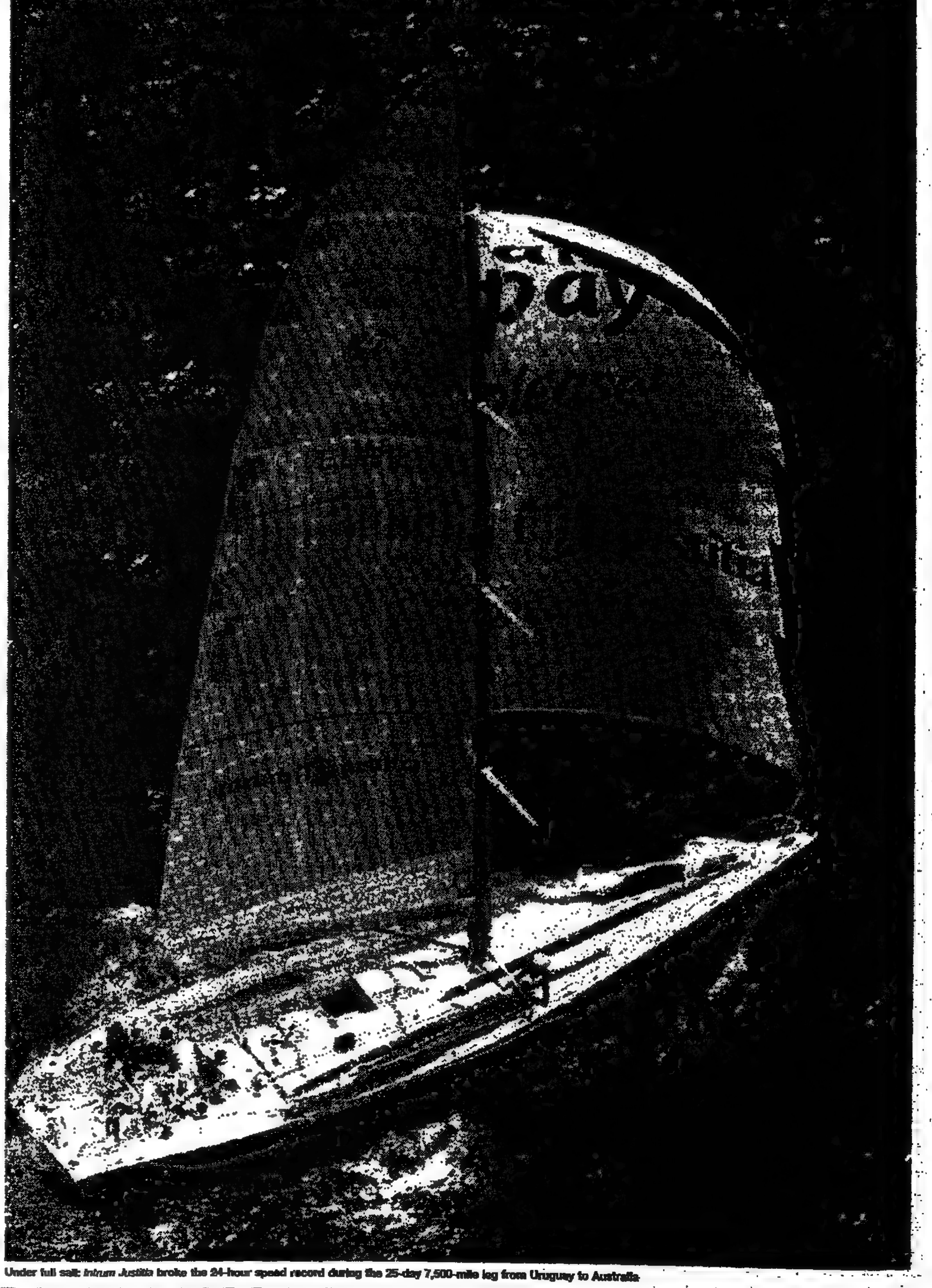
Merit Cup, the maxi-ketch skippered by Swiss helmsman Pierre Fehlmann, was the first of the maxi-class to finish, with an elapsed time of 25 days 21 hours 11 minutes, 44 minutes behind *Yamaha*.

New Zealand Endeavour, *Merit's* only serious rival in the five-boat maxi fleet, came in one hour and 46 minutes later. It was a more than creditable performance for a yacht that lost the upper 6m of her mizzen mast halfway through the leg.

Having crossed the line eight hours and 22 minutes ahead of *Merit* on the first leg, *NZ Endeavour* skipper Grant Dalton has finished Part Two of this 33,000-mile epic in much better shape than he could reasonably have expected and still comfortably leading his division.

Dalton's thesis that one of the outdated but still powerful 80ft maxis could lead the lightweight W60 class around the world remains unproven.

Without her full sail area *NZ Endeavour* struggled in lighter air but her highly-experienced Kiwi crew still did a remarkable job to bring the wounded boat to the line well in touch with the race leaders.



Under full sail: *Intrum Justitia* broke the 24-hour speed record during the 25-day 7,500-mile leg from Uruguay to Australia

Tennis/**John Barrett**

When Germany is in love

Love affairs can be painful. As Boris Becker, competing in the $6m (£4m) Compaq Grand Slam Cup for the first time, flailed his way to ignominious defeat at the hands of the young South African, Wayne Ferreira, in the first round last Wednesday, women in the crowd at Munich's Olympiahalle were reduced to tears and grown men were biting their lips.

A national hero had died.

Germany fell in love with Boris in 1985 when, at the age of 17, he won the first of his three Wimbledon titles.

He was the first German, the first unseeded player and the youngest male ever to win the world's greatest title.

In December that year, I was in the same Olympiahalle to see Boris beat both Stefan Edberg and Mats Wilander as Germany went down honorably to Sweden 2-3 in the final of the Davis Cup. The scenes of emotion among the fanatical German supporters that weekend were extraordinary. Becker's reaction to the chanting, the stamping and the tears of joy was even more extraordinary.

"When I looked into their eyes I was frightened," he said afterwards. "At that moment I could understand what had happened to us at Nuremburg."

Eight years later the tears of joy have become tears of sorrow. Becker looks older than his 26 years. Life in the fast lane has taken its toll. At heart Boris is a generous soul, but the soul is in torment. He has agonised about his place in the universe, has contributed anonymously to good causes, has wrestled with the penalties of fame and wealth and has tortured himself over the rival claims of duty to country and self as he has pursued the No 1 ranking. He has also changed coaches with bewildering rapidity and has finally broken with his manager and mentor, Ion Tiriac.

All that has been painful enough but love, too, has brought personal pain. The disturbing outburst of racial hatred against his fiancée Barbara Feltus forced the couple to consider moving abroad for the arrival of their first child early next year.

The man who has replaced Becker in the hearts of his countrymen is 25-year-old Michael Stich, who this afternoon plays Edberg in a semi-final that repeats their first round clash here last year. That was a highly emotional occasion for the German – not only because the match itself produced some of the finest tennis of the year as Stich came back from 1-4 down in the final set to win 7-6 6-7 8-6.

It also marked a revival in the fortunes of a man whose epic Wimbledon victory over Becker in 1991 had not brought him the adulation at home that he deserved. When the two Germans met again at Frankfurt in the ATP Tour Championship that year the crowd left him in no doubt who was their favourite.

During a mediocre 1992, Stich tried to come to terms with that difficult situation. A win over Becker in May on clay in Hamburg, his home town, was generously applauded by the north German fans. The win over Edberg in Munich, the city that he had adopted after meeting his former coach, New Zealander Mark Lewis, at the Iphitos Club three years earlier, at last established Stich as the rightful heir to Becker's crown. As he sat on court afterwards the emotion overflowed.

"I am not ashamed to cry," he said. "Maybe this was one of the most important matches I have ever played . . . just to prove to myself that I can still win, to prove to all the people out there who counted me off already."

Certainly that win re-ignited the talent that had lain dormant since Wimbledon 1991. In a blaze of powerful serving, skilful volleying and penetrating returns and passes, Stich swept past Richard Krajicek, Pete Sampras and Michael Chang to win the Compaq Cup and the $2m cheque that went with it. Stich had at last come of age.

The maturing process has continued most impressively in 1993. Stich has enjoyed the sort of success that all players dream of but few achieve. True, he has not won any of the four Grand Slam titles, but the new German No 1 has done just about everything else. For the second time in three years his titles have included victories on all four surfaces (clay, grass, hard and indoor carpet), a feat last achieved by Ivan Lendl in 1989.

The most recent of those titles, a magnificent win in four sets over the world No 1 Pete Sampras in Frankfurt three weeks ago, earned Stich the world No 2 ranking for the first time. It also revealed that he had come to terms with his countrymen's infatuation with Becker.

"I had to learn the last two years that there are always going to be heroes in a country. Boris was the one that caused tennis really to be recognised and he deserves the credit he gets."

Last weekend in Dusseldorf, Stich contributed three victories in leading the Beckerless German Davis Cup team to victory in the final against Australia. That tasted especially sweet.

"When the year began I did not expect us to win the Davis Cup. But I think I have showed that I am a good tennis player. I played two great tournaments in Germany and now every match I win is like a Christmas present to myself."

Perhaps the best present of all was the recent popularity poll in which he was voted Germany's "Athlete of the year". At last Michael Stich has become a hero in his homeland. A new love affair has begun.

Fostering a culture of contempt

What is happening to us? After the first wave of shock and rage over the latest awful incident of child violence or psychopathic cruelty – or even worse, non-psychopathic cruelty – has receded, different voices can be heard in radio interviews and letters to the press. They hold a note of *puzzled* horror. What caused people to behave like that? What causes children to behave horribly? If we knew the cause, we could allocate the blame.

Grown men with guns in Bosnia doing a spot of ethnic cleansing is one thing. But child murderers in Britain? What is going on? Could the atrocities of Bosnia be lurking just under the surface of England's green and pleasant land?

Is there more wickedness about? I know no sensible calculus of evil. I suspect that all human communities have a certain quantum of evil sloshing about in the bilges and leaking out in different ways.

The fabric of social controls which keep it from flooding out and destroying civilised behaviour are only built with immense patience and moral courage. Many of those controls are now being wantonly eroded. Looking for scapegoats we often focus in the wrong place. Above all we long to punish – violently.

Are the two lads in Liverpool who so brutally bashed the life out of a weeping toddler so "uniquely wicked" that they must be punished by shutting them up for "many, many years?" For a 10-year-old, is 20 years in prison punishment, containment or therapy?

The murder was indeed grotesque. It has aroused a tidal wave of punitive rage, particularly in the *neighbouring* housing estates. One of the most memorable images from all the bizarre media coverage of this horrible little tragedy was the picture of adult men and women surging forward behind the control barriers, their faces contorted by grimaces of animal rage, shaking their fists and yelling obscenities at the police vans bringing the two boys to court.

Brutality to small children rouses violent passions. Yet, if the crowd could have got at these two, it would have torn them to pieces. Instinctive rage is not a good base for moral discrimination.

By what scale of values are the two 10-year-olds categorised as "uniquely wicked?" Yes, the deed was horrific. Any normal child brought up to be aware of and care for the feelings of others, particularly smaller and weaker people, should have an instinctive or acquired revulsion against such brutality. But adults have put images of extreme violence in front of children for years.

Quite apart from violent fantasy, the real world feeds our imaginations with nightmares every day: a 16-year-old girl tortured slowly to death; horses maimed; a bar sprayed with bullets; pedestrians slaughtered by drunken drivers. Hasn't the threshold of moral inhibition dropped dramatically in the past 15 years? Certainly, violent crime is now common among much younger children.

All the panels and leading articles and media interviews ask the same question: why did it happen? Wickedness is real enough. But it does not hide just in the place where punitive rage focuses the prurient lenses of the press.

***Hugh Dickinson** asks how vulnerable families can be expected to produce good children*

And it is increasingly difficult to know where wickedness ends and insanity begins – or sickness.

Are drug addicts wicked? We do not punish insanity, not even grossly criminal insanity. We lock it away and try – albeit half-heartedly – to cure it. There might be a genetic component to both insanity and wickedness but, certainly, both are largely the product of the interaction of environment and personality. A society in which the delicate network of community values and community feeling has dissolved will breed mental illness, insanity and wickedness. The fault lies in ourselves and in our stars.

Any parish priest or GP will tell you, however, that individuals and families are feeling themselves increasingly isolated in a disintegrating community. How far that is the unwitting consequence of public policies over the past decade is hard to tell. The culture of contempt has been fostered deliberately in politics and among the comfortable classes.

Collective responsibility has been undermined in the cabinet, in parliament, in local government and on the streets. Every man – yes, man – for himself and the weak go to the wall. Is that wickedness? How can vulnerable families with inadequate parents and no money be expected to produce sane and good children in such a climate? Amazingly, many do.

The people who might help them – teachers and social workers – equally are the object of public contempt. It seems we must have someone to kick. If we can locate evil in a class of people, in a foreign country, in aliens or in two small boys, we can project into them the darkness which is in ourselves but which we dare not own. Then we can beat the living daylights out of them.

A cabinet minister said recently that we should have less "understanding" and more moral condemnation of anti-social behaviour. Would he, I wonder, have "understood" the sale of arms to Iraq, an action which resulted in the gruesome deaths of thousands. Would he be "understanding" of adultery among his fellow ministers?

The trouble is that if we begin to understand, we find that these simplistic black and white condemnations do not fit the moral complexities of human behaviour; in fact, they often turn out to be positively wicked. It puzzles me that we have to turn to the commentators in the foreign press to find any hint that the treatment of the two small boys by the press and the court might itself be thought an instance of extraordinary wickedness.

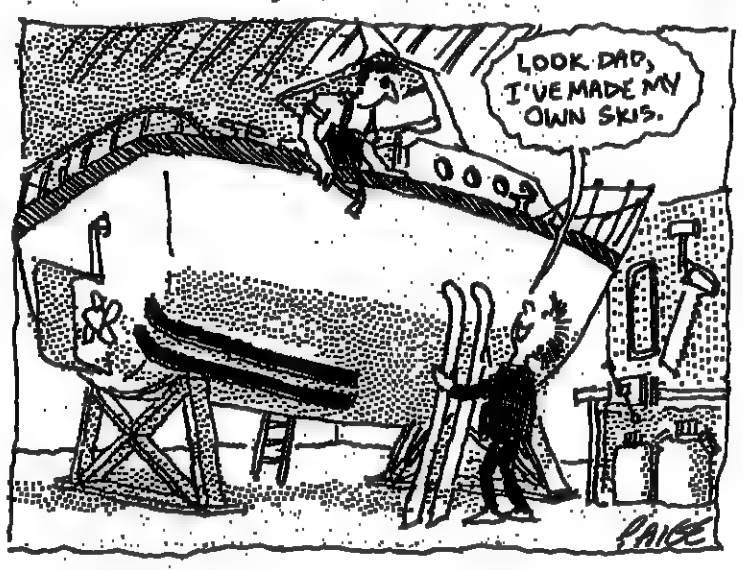
Or is this urge to condemn, itself a kind of sickness? The psychopath is so sick that he has no inkling of what it is like to be another person. Doing gruesome things to them may produce awful pleasures in himself, but there is a complete dissociation between his inner world and outside reality.

That might have been the case with one of the convicted boys. It certainly appears to be the case with certain aspects of our society. There seems to be no real empathy for the accumulating pain down there on the streets of Britain – only a puzzled angry surprise when it explodes in wicked deeds. After a decade of punishment, I think Britain plc needs some TLC.

■ *Hugh Dickinson is Dean of Salisbury*

Are those my skis?

***Arnie Wilson** makes a pair of his own – and is very reluctant to use them*



THE checklist could hardly have been longer if I had been about to undertake micro-surgery: under-gloves; gloves; apron; industrial glasses; protective shoes; gallons of purple resin to slop and slosh all over the bench; all kinds of bits of pre-shaped fibreglass; triaxial-braided torsion box; carbon steel racing edges; Grateful Dead top-skins.

On second thoughts, I felt more like a kid in a playgroup than a surgeon. Up to my armpits in purple grunge, I had serious doubts about whether the soggy, clammy, messy, viscous, sodden objects I was toying with would ever turn into anything, let alone brand new skis.

But then, perhaps they didn't: perhaps the sleek, elegant Dark Star K2 TRC skis with Limited Edition Grateful Dead "Lunatic Fringe" tops and my name lasered into them in red were substituted in the final stage of the manufacturing process. Perhaps the ones that I "made" in Seattle were thrown laughingly on the scrap-heap.

There was certainly plenty of time for a switch to be made between my putting the finishing touches to the skis and their arrival 24 hours later – after we had paced up and down the K2 ski factory on Vashon Island like fathers-to-be awaiting the arrival of new-born babies. Another possibility was that Tom, who had guided me patiently through the whole process – "wet it out – then get a long, skinny bead and give it a uni-directional blast with your paddle" – could easily have substituted some he had "prepared earlier".

The invitation to make my own skis was irresistible, especially to someone technologically illiterate such as myself.

K2, which has dynamic, Himalayan-sounding connotations, actually refers to the Kirschner brothers (Bill and Don) who used to make splints and animal cages on Vashon Island, a short ferry ride across the spectacular waters of Puget Sound in Washington State.

Then one day in 1961, using a pair of borrowed skis as a pattern, Bill Kirschner made himself a pair of fibreglass skis. By 1964 Kirschner Manufacturing produced their first commercial batch of skis: 250 pairs. By the following year, the figure was up to 1,600, and by 1968 K2 was selling 21,000 pairs of skis and the company had 83 employees. Today K2 is America's top-selling ski, selling 500,000 pairs annually worldwide – about 10 per cent of the world market.

Skis you make yourself are rather different from rentals, and having made my own, I did not really want to ski on them. I became paranoid about the faintest hair-line scratch. Every run became nail-bitingly tense. At the slightest impact I imagined all those funny, sloshy bits of resin-soaked fibreglass spilling out like *entrails* from a punctured corpse.

At least in America, in fresh snow, they had a chance, the poor wretches. Crystal Mountain, 76 miles from Seattle, was a pleasant surprise, although we did arrive in unusually good snow conditions. With almost 30 trails, acres of back-country skiing, and a vertical drop of more than 3,000 feet, the cost of a lift pass – $16 during the week, $28 at weekends – came as a revelation after most prices in Colorado, Utah and California.

Alpental, only 46 miles from Seattle and one of four interconnected resorts in Snoqualmie Pass, was also quite a find simply because of its challenging Internationale run and its exceptional back-country skiing. It is very rare to find great tree skiing on long, steep slopes in such a small resort.

To make your own skis, you will need gallons of purple resin and a triaxial-braided torsion box . . . among other things . . .

My new skis had a field day blasting their way down Draft Dodger Ridge, Great Scott Bowl and Trash Can. Alpental, and its neighbours – Snoqualmie, Ski Acres and Hyak – have 33 lifts between them and 16 runs are floodlit every night. However the owner, Dave Moffett, seems to have somewhat optimistic statistics about the annual snowfall, which he swears is between 400 and 450 inches.

Independent estimates put this at 170 inches. Still, as with Crystal Mountain, it's extremely good value, especially on Mondays and Tuesdays when a ticket will only set you back $10! It's $15 dollars a day for the rest of the week and $25 a day at the weekend.

Snoqualmy is Twin Peaks country, known in real life as North Bend. On the way back to Seattle, we called in at the cafe that doubled as the Double R Diner, where we were assured that "no one here is investigating murders, insurance scams, shady land deals, committing adultery or joining secret societies", and paused for lunch at The Salish Lodge immediately above the spectacular 280-foot high Snoqualmie Falls which featured in the Twin Peaks opening titles (or so I am told).

As for my skis, they are safely home in west London, leaning against the wall of my office, trophies to be gazed upon by a string of admirers, including my mother and the lady from Meals on Wheels.

One day, perhaps, they will find their way on to the wall of a mountain restaurant in the Alps. Perhaps with a fitting label, such as: "Arnold Wilson spent the latter part of his life under the misapprehension that he made these skis. They were actually made by a K2 employee called Tom."

■ *Arnie Wilson flew to Seattle as a guest of American Airlines and K2 skis*

As They Say in Europe

British disease is catching on

It was another miserable week: self-flagellation took over where self-doubt left off and new realms of Euro-misery were revealed in the press. Ruling centre parties were again crushed by supposedly discredited opponents as the papers grimly acknowledged the errors of the past.

This time, though, I was often caught off balance. Sometimes, you read a phrase in a paper and then look again to see if it is the paper you thought it was. The fact is that everybody is suffering from a new form of the British disease.

One such example, a headline over an editorial, was: "Wanted: a new political class." I thought it must be the *Guardian* or the *Observer* in London, which run such items most days. But it was *Tagesspiegel* in Berlin.

Another came in a quotation from a trade union leader admitting to mistakes in the past: "The unions went along with the short-sightedness and greediness that almost became an ideal." Not the *Daily Mail* banging on about the 1970s' unrest but *Dagens Nyheter* of Stockholm quoting a union leader of the '80s.

So, Sweden is passing through an experience familiar to British readers while *Tagesspiegel* was sharing worries common to most German commentators about the resurrection of the eastern German communists, the PDS, in the Brandenburg elections. The resurrected Italian communists, also the PDS, emerged similarly triumphant, so now we have two leading members of the European Union haunted by ghosts from the past.

It is an experience, as I noted a couple of weeks ago, to which Europeans will have to get used. This should, in fact, be easy in spite of German attempts to whip up paranoia.

Communists were a danger when they acted as the agents of an outside power, or as a gathering point for domestic totalitarians with utopian and transcendental tendencies. Today, communist parties merely fill the gap left by the disappearance of socialist parties.

Each country invents its own reasons for extreme forms of anxiety – the surge of the far left or, even worse, the far right. Humiliating departures from the World Cup. When old chickens come home to roost, the grass often looks greener elsewhere, to coin a phrase. If one's own nation has been defeated, another must have won.

Nevertheless, it was still a surprise to come across a third striking pronouncement of the week, this time in *Nice Matin*. It told readers: "France will be weak in Europe because it has not been able, in these past few years, to enforce its conception, against that of Britain, of an integrated Europe capable of constituting a real commercial power which could stand up to the United States and Japan.

"Twenty years after having entered the Common Market and having left Efta, which it had created, Britain will have achieved its aim: Europe should be nothing more than a free trade area without the ability to integrate and unify its interests and without its own methods of self-defence."

This was predicated on there being what the paper called a "bad Gatt agreement" which, when translated, means any agreement that seems likely to be achieved at this stage.

France sees itself as a defeated nation, and no amount of shouting by ministers about their trade triumphs serves to diminish the country's self-contempt. But some of the old spirit is still there: one always

When old chickens come home to roost, the grass often looks greener elsewhere

enjoys the blithe assumption of the *French that their interests coincide* exactly with those of Europe.

Imagine *Nice Matin*, or anybody else in France, admitting the fundamental truth that it would be in Europe's interest to eliminate French farming as a significant political force.

With any luck, this weekend could be the last that we shall have to concern ourselves with the minutiae of the Uruguay Round and *international trade policy. It is the* moment when the future of the world economy hangs in the balance (I believe that is the appropriate cliché) in Geneva.

And as its leaders are locked in fateful conclave in Brussels, western Europe looks to the future with trepidation.

Fortunately, at this time, I have available a commentary from the daily paper that obviously should have been recognised earlier as the bellwether of European opinion, the *Luxemburger Wort* (which is, symbolically, two-thirds German, 30 per cent French and 3 per cent native).

Luxembourg's top commentator wrote that the crushing of Christian Democracy and PDS victories in Brandenburg and Italy proved that "excessively rapid trade liberalisation would destroy jobs and social benefits . . . In the two cases, the Asiatic challenge has fed fear of the future."

This should be taken seriously, for the *Wort* is not a paper given to overstatement. On the same day, its splash headline was: "Gatt talks more difficult than expected."

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

All the power to the president

*The Russian people vote tomorrow on a draft constitution. **John Lloyd** looks at the implications*

A draft constitution goes before the Russian people tomorrow. It is a document which might not shake the world, but it will form a vital part of its stability because of Russia's importance and fragility.

Its adoption by the people and its acceptance by the Russian political class would sustain and enlarge the *still fragile area* of democratic practice.

But its rejection, either because a majority of those voting are against it or because the required 50 per cent of the electorate do not turn out, could usher in a period in which institutions have no base and a division of powers cannot develop because all formal political power remains monopolised by the president.

"Better vote for *this imperfect* document than have none," said Yegor Gaidar, leader of Choice of Russia, the leading liberal group, mustering a lukewarm endorsement for his president's draft. "We'd again find ourselves in the situation of legal chaos . . . where everything depends on whom the defence ministry supports, on who has a pistol in their hands, on who, at the vital hour, can best organise their forces in *Moscow*."

Such a period could see the unravelling of a Russian power structure which, since the closure and suppression of the former Russian parliament in September and October, has been sustained by a presidency which is the source of all power but whose shaky legitimacy has depended on a promise to create a legislative chamber and a "law governed state" underpinned by a constitution in which the citizen can find rights and the politicians a role.

But there is a countervailing view, which has been powerfully put in the course of this campaign – although those who put it differ on whether or not their objections to the constitution are greater in importance than the danger of chaos.

The document itself is one which would provide presidential powers greater than any other major democratic country, save perhaps France. The president's powers would lie in his ability to appoint the prime minister and approve the prime minister's choice of government – and to dissolve parliament if it failed to agree.

The president would appoint judges, top military and the chairman of the Central Bank – although most of these need parliamentary approval. And the powers would lie in his ability to call referenda, and, perhaps most threatening of all, in the clauses which gives the president the right to issue decrees which need no oversight or approval by any other level of power – so long as they can be shown to be in accord with the constitution.

A less obvious danger lies, paradoxically, in the breadth and generosity of the articles on human and civil rights, on the entitlements each citizen would have, including the right to a job, to medical care, to support, even to clean air. The sheer scale of the promises reduce the document to a formality because they cannot be observed.

Perhaps the most popular criticism is that voiced by Stanislav Shatalin, the veteran radical economist: that the final draft, drawn up by Yeltsin's tight circle of advisers and amended – it was said – up to the last minute by the President himself, was not approved by a constituent assembly, or by the regional and republican leaders who had earlier participated in the constitutional discussions. Because *of this, the argument runs*, the constitution is not a framework for a great country's future democracy, but one for a particular president's immediate needs.

But it is in this aspect that the draft constitution is *most* like that of other major democratic states.

This point is strongly made by Professor Vladimir Tumanov, one of Russia's top judicial experts and one who took a part in the final drafting: "I don't agree with those who say that this is a 'transitional' document.

"All contemporary European constitutions were adopted, in one way or another, in a 'transitional period' but they're still working and after they were adopted they assisted stability."

An example: the Italian constitution, first drafted in 1946 immediately after the war and finally coming into force from January 1, 1948, has as its first words: "Italy is a democratic republic founded on labour." The wording reflects the power and the prestige of the two left-wing (anti-Fascist) parties at the time: the Italian Communist Party and the Italian Socialist Party. Yet, for all the stamp of the times, Italy for much of the post war period, has been ruled by a right of centre party.

It is to the US which most Russians look when they seek to compare themselves: and in comparing constitutions they see at first a presidential constitution, and one enacted in times of conflict (with the British).

But US specialists who have studied the Russian draft say the parallel doesn't hold: the US constitution was one in which the participating states reluctantly ceded powers to a weak centre. And the constitution is largely non-specific in the rights it grants, creating only a framework of permissiveness within which specific prohibitions are left to be defined by case law.

A central point, often obscured in the smoke of the Russian battle, is that the working of a constitution is less important – within certain boundaries – than the attitude of the authorities towards it.

Russia's politicians and its citizens are new to the democratic arena: they have experience only of decorative constitutions. They have witnessed a parliament destroyed, and the old Soviet era constitution torn up by a president who now asks for support for a new state law.

Will these citizens accept it tomorrow? And can these politicians make it work?

Wilde about Ada

Antony Curtis reviews a biography of the woman who rescued Oscar

When Oscar Wilde was released on bail before his trial for homosexual offences in 1895, one woman, at least was waiting for him outside the courtroom, ready to risk her reputation in society on his behalf.

Wilde then needed help of the most practical kind, because the vindictive 8th Marquess of Queensberry made a point of ensuring that no hotel would take him in. The lady who rescued him was Ada Leverson, a writer whom Wilde had nicknamed his "wonderful Sphinx" on account of her enigmatic *bon mots*. From an intellectual liberal Jewish background, Ada Esther Beddington (as she was) had married Ernest Leverson, a prosperous businessman. When Wilde faced criminal proceedings at the Old Bailey in 1895, the Leversons were living in a large London house in Courtfield Gardens with their small daughter Violet.

After Mrs Leverson took the courageous decision that he should stay with her, she called her servants together and said that if anyone wished to leave during Wilde's residence in the house they were welcome to do so. No one did.

The nursery floor was then made over to Wilde as a refuge. She asked Oscar if he wished the toys, dolls, rocking-horse, to be removed. He said "No", and then held lengthy conferences with his lawyer surrounded by these reminders of childhood. Ada encouraged him to jump bail, foreseeing what the law's outcome would be. But Wilde refused to do this, just as he had refused to avoid the trial altogether by fleeing across the Channel.

When, after serving his two year sentence, he was released, early in the morning to avoid the press, Ada was among the little group of former friends who had risen at dawn to greet him. She later described the scene:

"He came in with the dignity of a king returning from exile. He came in talking, laughing, smoking a cigarette, with waved hair and a flower in his button-hole, and he looked markedly better, slighter and younger than he had two years previously. His first words were, 'Sphinx, how marvellous of you to know exactly the right hat to wear at seven o'clock in the morning to meet a friend who has been away! You can't have got up, you must have sat up.'"

The group was a mutual admiration society whose other members included Robert Ross, More Adey, Reginald Turner, the Oscar loyalists who were to quarrel bitterly among themselves and with "Bosie" Douglas, the son of the Marquess, after Wilde's death. Other friends of Ada's included Robert Hichens, author of the satirical novel *The Green Carnation*, Aubrey Beardsley, Ronald Firbank, Max Beerbohm, Somerset Maugham. It was a society in which the great, the only, crime was failure to sparkle. Treachery was tolerated, but not dullness.

As such there was a great deal of

WONDERFUL SPHINX: THE BIOGRAPHY OF ADA LEVERSON
by Julie Speedie
Virago £17.99, 219 pages

frivolity that seems very unfunny today and a lot of plain silliness. It was the era of the Practical Joke, of hoaxes and disguises; they thought there was great humour in the spectacle of a man dressed up as a woman. The actor Brandon Thomas, who canonised this joke in his play *Charley's Aunt*, married Marguerite Leverson and became Ada's cousin by marriage and another friend.

Caricature and parody, those minor arts perfected by Beerbohm, were widely practised in the 1890s. It was, as this biography of Ada shows, primarily as a parodist in the pages of *Punch* that Ada first made her mark. She parodied Oscar there to his delight. Before she tried her hand at fiction she was earning a modest income as a literary journalist.

Serious newspapers lightened their pages with pieces of gossip and sketches of life in Society. We think of (Sir) Anthony Hope (Hawkins) only as the author of *The Prisoner of Zenda*, but in his day he was equally well known for "The Dolly Dialogues" in the Westminster Gazette. They were instalments of a long-running flirtatious exchange between a man who is a bachelor and the nubile Dolly Foster who at the end of it all marries a peer.

Ada wondered if it were possible to write whole novels in this kind of *nuance* dialogue. Across the Channel the Comtesse de Martel de Janville had shown, under the pseudonym of "Gyp", that it could certainly be done with ease in French. Her novels of Parisian society, written exclusively in dialogue, were like stage-plays in book-form, and were required reading among the English aristocracy of Edwardian England. You can still find complete sets of them in the libraries of some of the grander country houses.

Not only Ada but Ronald Firbank and Henry James responded to the challenge of writing dialogue-only novels. James following "the admirable Gyp" (as he called her) turned out a masterpiece of the genre, *The Awkward Age*. That was in 1899; it was in the first decade of the 20th century that Ada essayed this form and published six dialogue novels, from 1907 with *The Twelfth Hour* to 1916 with *Love at Second Sight*.

Intimate conversation between men and women full of sexual innuendo is her game. She included thinly disguised pen-portraits of her friends, but at their core the books represent urgent dispatches from the marital battle-front and news of the walking wounded. Her own experience of marriage had not been happy. Ernest had betrayed her many times with other women and by now had left her. He did, though, make provision for her in his will.

By general consent *Love at Second Sight* is her finest novel. It has been reissued by Virago with the two earlier ones, *Love's Shadow* and *Tenterhooks* containing the same central characters. All three are published in one volume as *The Little Ottleys* with an introduction by Nicola Beauman.

Ada the novelist is not to everyone's taste but if you once fall for her understated conversational manner you become completely hooked. Colin MacInnes, one of her most zealous admirers, led the current revival. There is an earlier family biography by her daughter Violet Wyndham, a memoir by her grandson Francis Wyndham, and section on her in Osbert Sitwell's *Noble Essences*.

After the war it was the Sitwells who replaced the Wilde circle as the centre of her social life. Julie Speedie's book is subtitled "the biography of Ada Leverson"; it might have been more accurate to have described it as "a biography" because though it is very thoroughly researched and informative, it seems possible there could be another, more at ease with its heroine and less slow-footed.

Fiction

Innocence burnt at the stake

J.D.F. Jones admires this award winning historical novel

A chimera, says the dictionary, with acknowledgment to Greek mythology, is "a fantastic or grotesque product of the imagination; a bogey". Sebastiano Vassalli has chosen this title for his novel about a young peasant girl of early 17th-century Italy whose fate was to be selected by the Counter-Reformation church as a witch and burnt at the stake. *The Chimera* has won the Strega Prize (*strega* happens to mean "witch") and now appears in a fluent English translation by Patrick Creagh.

The historical novel, when ambitiously intended, is often framed in some sort of modern-day device. Vassalli takes his perspective from the Milan-Turin *autostrada*, where his village of Zardino on the misty plain near Novara is "slightly to the left and a little beyond the second flyover" against the panorama of the Monte Rosa. He claims to have stumbled on the story of Antonia, an episode that would otherwise have been lost for ever: "Looking out over this landscape, the nothingness of it, it came to me that in the present there is no story worth telling. The present is hubbub... To find the key to the present, and to understand it, we have to withdraw from the hubbub, to descend to... the depths of nothingness... to the ghost-village of Zardino, to the story of Antonia..."

Having got this pretentious stuff off his chest in, thankfully, just a couple of pages, Vassalli gives us a fascinating tale, a minutely-imagined novel about the underside of history, by which I mean the parts that historians never seem to reach.

Antonia is a foundling, adopted by kindly peasant farmers, whose adolescent beauty in this pestilential landscape is so striking that it persuades both the "Village Gossips" and the fanatical post-Reformation clergy that she must be the work of the Devil. The point is that "witches" in most cases were not hags or old women, on the contrary. Antonia, who is a simple and innocent girl, notorious only for being used as model for the Madonna by the painter Bertolino, is to be destroyed by the rumour-mongering, and in consequence the hatred, of a primitive society.

The Counter-Reformation, and therefore the Inquisition, is in full flood. We are shown the distinguished local bishop, a passionate follower of Borromeo, whose radical presence in Novara provokes the Inquisitors to hurry through the trial; Don Michele, the fake though not unbenevolent priest of the bad old days; the "new" priest, the rigorous and extortionate Don Teresio; the nobleman-poet Caroelli; the bandit Il Caccetta; a kindly executioner, the *risaroli* itinerant labourers of the paddy-fields; and, not least interesting, Antonia's lover, the Stroller, one of those mysterious groups of men "who always remained on the shadowy side of history" (John Buchan has a similar and convincing awareness of this shadow world in his best historical novels such as *Midwinter* and *The Blanket of the Dark*).

No suspense is intended in this story of the five-month process which leads, ineluctably, to Antonia's hideous torture and death at the age of 20. Her ordeal is por-

THE CHIMERA
by Sebastiano Vassalli
Harvill £15.99, 315 pages

trayed as "part of an unconscious ritual by which for centuries the Catholic Church (and the Protestant churches as well, come to that) vented its sexual tribulation and anguish on those poor women – its terror of womankind as 'Devil' and its need for a Devil". The Inquisitor argues that "heresy can be suppressed, but it may also be forestalled". Against which the Antonias of that time – or any other – have no chance.

Vassalli is a good enough novelist not to labour his moral. The bishop comes to understand that the true spirit of the Counter-Reformation had ground to a halt within two decades and would remain "a monument to worldly things and worldly politics". Antonia's execution is watched by crowds "neither bloodthirsty nor wicked... the same decent, hard-working people who in our 20th-century cram the stadiums, watch the television, go to vote at election time; and if need arises to wreak summary justice on anyone they do not burn him but they none the less wreak it..."

These quotations are misleading. The quality, and the resonance, of this remarkable book lie in its evocation of a distant society which would be utterly lost to us were it not for the imagination of a gifted novelist.

Mislead by economists

Kit McMahon questions some dubious economic forecasting

When *The Way the World Works* by Jude Wanniski was published in 1978, Mr Barton Biggs, the Morgan Stanley guru, gave it as his considered opinion that it was the most important economic work since Karl Marx. (Biggs is currently in the news for telling Morgan Stanley's clients to get out of China/Hong Kong only six weeks after telling them to bundle in. Perhaps if his earlier judgment had been more widely known, his recent advice would have been received more dispassionately.)

Jude Wanniski, together with Art Laffer and Paul Craig Roberts, led the Supply Side movement in the US in the late 1970s and early 1980s and captured bigger fish than Biggs. Their talisman was the so-called "Laffer Curve", a simple device which could be, and was, drawn on a thousand paper napkins in restaurants all over the country. Their message was simple and seductive: the way to cut the public deficit was to reduce taxes. Martin Feldstein, sometime Chairman of the US Council of Economic Advisers, pointed out at the time, this was "something a Congressman could digest in about 30 seconds and then talk about for months". The Wall St Journal was very enthusiastic and played its part in convincing President Reagan – no very difficult task, to be sure.

Of course it ended in tears as such movements do, with some saying they had been sceptical all along, some forgetting all about it and some saying it had never really been tried. But it provides the most dramatic and enjoyable of the case studies presented in Alfred L. Malabre's *Lost Prophets*, a book whose thesis is that since the war the economics profession has systematically misled the politicians and the general public by promoting a series of over-optimistic over-simplified economic nostrums.

Before the supply siders (fortunately never as powerful on this side of the Atlantic as on the other) were the monetarists – who inflicted, if anything, more damage here than in the US. Roughly contemporary with both were the Rational Expectations men who believed that everybody expected

LOST PROPHETS
by Alfred L. Malabre Jr
Harvard Business School Press

what they expected (which is why they styled the expectations rational): as a result they claimed that all economic action by government would be doomed to failure.

Before all these people there were the naive Keynesians, loudly preaching that the business cycle was dead or that it was in governments' power to kill it. Before that again, according to Malabre, was the delusive fantasy of the Bretton Woods system.

But just a minute. The Bretton Woods system of fixed but adjustable exchange rates lasted for some 25 years and – to put it as neutrally as possible – coincided with the greatest period of non-inflationary high employment growth that the world has seen this century. Of course it reached its sell-by date. Malabre could legitimately have attacked those who, after the system had broken down in the early 1970s, tried to put Humpty Dumpty together again. But to mock a regime which was so successful at the time on the basis that nowadays there is no alternative for the dollar but to float is to miss a lot of points.

The trouble with this book is that Malabre does not carry the critical guns with which to accomplish the demolition jobs he is attempting – except when the targets are as big as a barn door – which admittedly a lot of them are. We have certainly been beset by nostrums – and many of them, and especially the lurches from one to another, have done us a lot of harm. So, on the principle that my enemy's enemy is my friend, much in this book is to be welcomed.

But much of it, sadly, is pretty mushy. A large cast of little known economists is cited in evidence against a lot of other scarcely better known ones, in conversations recalled from long-forgotten conferences held over the decades in outstanding American beauty spots. Malabre's own view emerges as one of extreme pragmatism: in particular, that the business cycle is rather like the weather – nothing can be done about it. This may be true, but the trouble is that he then cannot resist giving us his own methods of forecasting, on the basis of interviews with businessmen. He creates a whole theory of the business cycle from what he says he used to learn at the annual conferences of consumer goods salesmen. A glance at his CV, however, shows that he only attended three of them. A smallish sample.

Across cultures

The idea on which this novel is constructed is sensationally good. An American woman, a 20th century operator in bankable antiquities, has developed a personal interest in a series of Mughal miniatures. These depicting the Salem-*bibi*, a woman from New England who travelled with a husband as far as the Coromandel coast and ended dramatically in the Court of a Hindu raja subsequently slaughtered by Aurangzeb. The Salem-*bibi*, whose original name was Hannah Easton, is associated with a diamond, now lost, called the Emperor's Tear. The modern American (Beigh) has a would-be client for it, every bit as piratical as the early East India Company adventurers.

This in itself would be enough for a fine tale of search, identity and the parallels between different lives in different eras, but Bharati Mukherjee (ex-Calcutta, now living in California) goes far beyond such traditional fare. Beigh lives with Venn, a scientist of Indian origin who is into computers, data bases and virtual reality. Venn's Project (X-2989) is to recreate an entire day from the recent past – "finally a use for sensory and informational overload... In five years, they'll be able to interpose me, or you, over the grid for upwards of ten seconds." So, a species of time-travel. But we never hear much more about Venn because his obsession is to be a metaphor for Beigh's own recreation of Hannah Easton's life from disparate records in London, Massachusetts and India – the imaginative projection of any passionate researcher. Only at the end does metaphor elide with reality in a scene in a computer lab which should be the climax, but which instead descends into the bathos of a supernatural melodrama.

There is much in this book to admire and savour. The evocation of both the New England world and that of late 17th century Madras, each with its different complement of exotic, feared Indians, is memorable. We feel the awful tension between the world of Salem, where sin is constantly to be sniffed out, and the real horrors that lie just beyond the plantations in the form of raiding, scalping tribes. We feel the appeal, to a girl raised in such an environment, of the buccaneering English imposter who carries her off; the stages by which she reaches the long, surf-tossed beach of Madras are entirely convincing – "I watch my convoy of East Indiamen voyage across (Venn's) computer screen, freed or space and time... The maiden ladies from Lancashire, caulkers and coopers, soldiers and sail-makers, gunners, cabin boys, two-headed freak dogs, horses, goats, hogs... plum puddings, vats of pea soup, mutton... lemons, rum, beer, dysentery, scurvy, compressed into a one-second long video model." Nowhere does the author invoke Joyce, but her intentions are basically the same brave ones as the creator of *Ulysses*.

Why then does this novel, for all its intelligence and vision, not really take off? Mukherjee seems overawed by the form she herself has imposed on the raw material available. She is a writer who has always strung her novels and stories between different cultures: the idea that an individual, by changing

HOLDER OF THE WORLD
by Bharati Mukherjee
Chatto & Windus £14.99, 286 pages

countries, may move through separate incarnations, runs through her work like a fable for Hindu belief. But such juxtapositions should speak for themselves, and in *The Holder of the World* they are not allowed to; the author is constantly at one's elbow.

Having given Hannah a mother who elopes with an Indian brave, she prompts "Her embroidery gave away the conflict... She knew she must deny all she'd seen on the night of her mother's disappearance" – and continues to prompt throughout the novel.

Hannah's fate is so heavily flagged that all element of gradual revelation, that basis of story telling, is removed. This might not matter if we were more involved at a human level, but we are not. With a stylish assumption of scholarship, the author confines herself to what she could plausibly have discovered about the Salem-*bibi* from documents, but this results in a picture which, in spite of all the busy interpretation, remains one-dimensional, nerveless. Finally we cannot really care what happens to Hannah; she seems, in any case, well-equipped for the brutal circles in which she moves. Since the novel-form has to be continually re-invented in order to remain alive, I wish this spectacular example well. But, to quote the author herself, "X-2989 is one of the discoveries more exciting in principle than in application." What, having got this false excitement out of her system, will she write next?

Gillian Tindall

Nostalgic for Keynes

It is hard to deny that 14 years of Conservative economic stewardship have produced disappointing results. The severity of the recession of the early 1980s can perhaps be explained by the inexperience of an incoming government and the numerous problems inherited from Labour. But Conservatives have few excuses for the dismal record of recent years: record trade deficits and double-digit inflation followed by deep recession, mass unemployment, an exploding public sector deficit and a humiliating exit from the Exchange Rate Mechanism.

There are two ways of reacting to this record. Michael Stewart's conclusion is that the economic failures were inevitable. Twist and turn as they might, Conservative governments were doomed to fail because their approach was based on fundamental misconceptions about the way modern economies function. The cardinal error was to revert to an atavistic 19th century faith in the efficiency of market forces.

This was the sheerest folly, argues Stewart, because in the 1930s John Maynard Keynes had shown beyond reasonable doubt that market economies are not self-stabilising. Governments must actively manage economic demand and the most reliable tool is fiscal policy. It is vain, moreover, to expect deregulation and privatisation to do much for the economy's supply-side. If productivity is to be improved, Britain must increase public investment substantially and expand the provision of government-funded vocational training.

Stewart's timing is certainly excellent. Public disenchantment with market-oriented policies is growing. The Financial Times recently ran an editorial entitled "Monetarism in retreat." Many readers will find Stewart's arguments persuasive. Having read his rehash of Keynes's critique of classical economics, many will feel they at last understand what went wrong in the 1980s.

But there is a second interpretation of recent events that Stewart does not consider: this is that the economic philosophy behind Conservative policies was broadly correct but that the implementation of the strategy left much to be desired.

The most serious policy failure in the 1980s was macroeconomic: ministers allowed demand badly to outstrip supply in the late 1980s, leading to a resurgence of inflation and an unnecessarily deep recession. But this error owed much to policy disagreements within the government. Had either Lord Lawson or Lady Thatcher been able to follow their convictions the outcome would have been better. If Lawson had been able to put sterling into

KEYNES IN THE 1990s: A RETURN TO ECONOMIC SANITY
by Michael Stewart
Penguin £5.99

the ERM in 1985, Britain would have had an inflation anchor in place before encountering the storms of the late 1980s. But, if Alan Walters had been Chancellor, domestic monetary policy would have been tightened sooner, achieving a similar result by different means.

Stewart's curious belief that greater fiscal activism would have helped seems based on his view that Keynesian economics accounted for the "golden era" of rapid growth between the 1940s and early 1970s. But this is a simplistic conclusion. In the first place, Britain did poorly during these years relative to countries such as Germany and Japan, where Keynesian doctrines were treated with greater scepticism. And many factors lay behind the global expansion, including extensive rebuilding after the second world war, the growth of world trade after autarchy in the 1930s and a secular rise in public spending as welfare states were extended. All this provided a tremendous boost, but it could not have persisted indefinitely, and the price in terms of steadily rising inflation was evident by the early 1970s.

Would Keynesians have run fiscal policy sensibly in the past decade? It seems unlikely: with hindsight fiscal policy was too lax in the late 1980s but few, if any, Keynesians called for public spending cuts or sharp increases in taxation. On the other hand Keynesians were clamouring for a fiscal boost in the early 1980s, when it was not needed. Given the ever-present pressure for higher public spending, such a boost might have led to a decade of Italian-scale deficits and even greater structural fiscal problems.

Stewart's nostalgia for the pre-Thatcher years is equally misplaced. Does he really think Britain would perform better today with a 1970s policy framework? That included a top personal tax rate of 98 per cent; bureaucratic controls on prices, wages, dividends and foreign exchange transactions; nationalisation of broad swathes of industry; and an array of special legal privileges for trade unions.

The move toward greater reliance on market forces was a global phenomenon. In the past decade most industrial countries have pursued policies broadly similar to Britain's. The drive to reduce the growth of public spending was global as was the focus on improving incentives by cutting tax rates and deregulating industries. If Labour had retained power, it too would have pursued these policies; indeed much of Thatcherism was merely an embellishment of policies initiated by Denis Healey in the late 1970s.

Stewart's philosophical arguments are sadly misguided. Keynes's theories were undoubtedly ingenious. But it is by no means clear that they amounted to a convincing refutation of classical economics. Fiscal policy can be important on occasion, but over the long haul individuals' propensity to work and save, and their willingness to embrace necessary economic change, are far more important determinants of growth.

Few recent books have poked fun more effectively at Conservative chancellors but, coming from an economics don at London University, it is irresponsibly one-sided.

Michael Prowse

Light enough to take to bed

*Art books need not break either your arm or your bank balance, says **Patricia Morison***

At Christmas, we do things that we never – well hardly ever – do during the rest of the year, such as giving each other lavish art-books. Here are my recommendations of recent ones which I have found stimulating and readable, on subjects ranging from felines in Ancient Egypt to the intimacy of Jasper Johns and Robert Rauschenburg.

In the case of art-books, readability is in large part a function of size. My own limit for comfortable reading in bed is two kilos, which is still considerably too heavy for reading on a plane. Publishers should think harder about the trade-off between glamour and portability. A book like Jeffrey Ruda's pleasantly written monograph on Filippo Lippi (Phaidon; £95.00, 560pp) is *arm-breakingly beautiful at over three kilos*. The fault is not the writer's prolixity, but the flashy and wasteful design.

At the opposite extreme, modest yet good art-books can cost as little as a tenner. Thames and Hudson's venerable World of Art paperback series costs only £6.95 as does its wallet-sized New Horizons series, which has serious texts and masses of remarkably good and often unusual images. *Van Gogh*, *Rembrandt*, *The Aztecs* and others would make ideal stocking-fillers. So, *too*, would the British Museum Press's attractive series on Medieval Craftsmen and Eastern Art (£6.95 and £9.95).

Sharon Fermor's *Piero di Cosimo; Fiction, Invention and "Fantasia"* (Reaktion Books 226pp, £29) is lucid and absorbing, a book for anyone who wants to understand better the nature of the Renaissance in Florence. *Piero*, painter of the famous "Forest Fire" in Oxford, was found dead at the foot of a staircase in 1521. In all the books he is characterised as an odd-ball, an interpretation which rests wholly on Vasari's biography.

The wild garden had yet to be invented in Renaissance Florence, yet here was a man who never pruned or hoed, but just let everything grow wild. He lived off hard-boiled eggs, cooking (but not eating) 50 at a time. Piero di Cosimo, as vividly presented by Vasari, was as anti-social and *bestiale* as Leonardo da Vinci was courtly and refined.

These days, art-historians are disinclined to take Vasari literally, and Fermor shows that his life of Piero was written as a cautionary tale. Vasari granted that the misanthrope had great gifts, particularly imagination, or *fantasia*, in which respect he was like Leonardo who could also see pictures in gobs of spit on a wall. But Piero's relative failure spelled a moral dear to Vasari's heart; artists who wanted to get on had to be urbane and sociable.

Fermor sheds light on the meaning of many of Piero's paintings, attractively reproduced. The bare-breasted *portrait said to be Simonetta Vespucci* is, in fact, a highly erotic Cleopatra. The National Gallery's much-discussed scene is firmly identified as "The Death of Procris" (below), painted according to a contemporary play. Procris was accidentally slain as a result of her sexual jealousy. Piero's version is dreamy rather than tragic, because in the play Procris is restored to life. Fermor thinks that this edifying tale was just the sort of thing a Florentine would have wanted in the nuptial chamber.

Another enjoyable monograph is *Judith Leyster; A Dutch Master and Her World*, by James Welu and Pieter Biesboer (Yale; 391pp, £45). This year marked the centenary of the rediscovery of Leyster (1609-60), the Haarlem genre painter who is the second most famous female Old Master after Artemisia Gentileschi. Yet Leyster's success as an independent artist is in a sense more remarkable because she was not the daughter of an artist. The book, which is in fact an exhibition catalogue, presents a well-written and stimulating picture of Leyster's place among artists of the Dutch Golden Age.

John Gage's *Colour and Culture; Practice and Meaning from Antiquity to Abstraction* (Thames and Hudson; 335pp; £38.00) is a remarkable achievement. It would appeal *inter alia* to scientists, gardeners, psychologists and designers. Gage explores the vast, limitlessly fascinating subject of Western man's attempts to grasp the elusive nature of colour. Beautifully illustrated and massively learned, this weighty book requires concentration but the effort is amply rewarded.

I second my colleague Colin Amery's praise for Timothy Mowl's *Elizabethan and Jacobean Style* (Phaidon; 240pp; £29.95), a fizzing polemic which sees Inigo Jones as tantamount to a national disaster. For just the one chapter on how Great Halls of houses like Hardwick were used as theatres, this book would justify its cost. More temperate appreciation of English style comes in Charles Saumarez Smith's *Eighteenth-century Decoration* (Weidenfeld and Nicolson; 406pp; £50), a splendid guide to the look of homes from cottages to castles.

Another book I will often be turning to over the years is Nicholas Penny's *The Materials of Sculpture* (Yale; 318pp; £35.00). Looking at sculpture and carved ornament, how well do we appreciate the challenges which the materials posed their makers? Penny picks and chooses from the art of East and West, helped with sumptuous illustrations. He writes with exemplary clarity.

Lastly, two highly readable books on over-worked subjects, cats and love. The world is crawling with cat-lovers whose horizons will surely be expanded by Jaromir Malek's fascinating book, *The Cat in Ancient Egypt* (British Museum Press; 144pp; £14.95). This is a lovely book, written so simply that a child could follow it. As for the passion of Jasper and Robert, it and other literary and artistic pairings such as Bell and Grant, Jackson and Krasner, are chewed over in *Significant Others; Creativity and Intimate Partnerships* edited by Whitney Chadwick (Thames and Hudson, 256pp; £14.95).

The National Gallery's painting by Piero di Cosimo, which has been identified by Sharon Fermor as 'The Death of Procris', after a contemporary play about sexual jealousy

Out of tune with its clients

*The Arts Council has got itself into a sorry mess, says **Antony Thorncroft***

The Arts Council deserves no sympathy for the mess it has got itself into over the funding of the London orchestras. It was a ludicrous dereliction of duty to ask an outsider, Sir Leonard Hoffmann, to decide which of the three orchestras should continue to receive Council money. What on earth is the music panel for?

So there is general satisfaction that Hoffmann has come up with a report that is obviously poison to many at the Council. His decision (on the vote of only two members of a five man committee) that the Philharmonia is marginally *more deserving than the LPO* totally upsets the apple cart. According to the Council's plan, the LPO was to get the vote, confirming its position as house orchestra at the South Bank, and a counter to the LSO at the Barbican. The Philharmonia and the RPO were to be left to their own, free market, devices. And the Arts Council would save money.

That is the root of the problem. It is yet another example of the Arts Council's unresolved battle as to whether its role is to fight for the arts, or to give the government better value for its subsidy. There is a case to be made for funding a super orchestra: such a case explodes if it is a by-product of a scam to save money.

It is a carbon copy of the fiasco the Council got itself into during the summer over its decision to cut funding to ten regional theatres. Once again the theory was respectable. Faced with the probability of a grant cut the Council took itself off to Woodstock to work out priorities, to back winners. For some bizarre reason it decided that modern dance and the visual arts (the two weakest sectors of its empire, with minimal popular or media support) should get cash at the expense of popular local theatres. In the face of an outcry, not least from its own drama panel, it changed its mind, and lost immeasurable face.

From then on the Council has become an Aunt Sally, allowing the media to question its existence – and the position of its managers. The chairman Lord Palumbo goes in April, which looks fortuitous; his successor can be a new broom, untainted by the past. But now secretary general Anthony Everitt is vulnerable. His contract expires in the autumn and few would bet on a renewal.

Yet the whole sorry saga is predictable and goes back to the appointment of Palumbo five years ago. He was given secret orders by the government to slim down the Council (saving money again), and to hand over the decisions on funding arts companies to a network of regional arts boards. Once the Council had abdicated most of its powers it had to find a role to justify its existence. Hence the chase after initiatives, all of which, from the bland and binned strategy for the arts document which emerged earlier this year to the theatre and orchestral debacles, have ended in tears.

The final humiliation is that the government has reneged on its part of the bargain. It has harried the Council to make even more cuts in its budget than was reasonable, demanding an extra £600,000 in savings next year. It then put the boot in on November 30 by cutting the Council's grant for next year by £3.2m. This has proved especially humiliating because the National Heritage Secretary, Peter Brooke, actually secured a reasonable £21m increase in his total budget and could easily have given the Council a stand-still grant. On Wednesday the Scottish Office did just that for the Scottish Arts Council.

All we need now is stories of bureaucratic extravagance in the regional arts boards after they get their heady new powers in April and the whole sorry story will be complete. The arms length principle of arts funding will be deemed to have failed and those in the Heritage Department who want to do away with the Council altogether will be in position to strike. Think of how much fun the civil servants, and ministers, will have in deciding just how much subsidy to hand out to thenational companies, like Covent Garden and the RSC, which will fall under their power.

That everything in the arts is now back on the agenda is suggested by the delay in finding a successor for Lord Palumbo. Obviously anyone approached will want to know what, if anything, the job entails. Peter Brooke now has three choices. He can delay an appointment into the late spring and then give someone the task of winding up the Council. He can choose one of the great and the good – Sir Ernest Hall comes to mind – to go in there to smack heads, ease out dead wood, and build up confidence, assisted by the fact that the Council will soon have the task of distributing around £70m a year of Lottery money around the arts. Or Brooke can merge the jobs of unpaid chairman and salaried secretary general into one, putting in a proven administrator, like John Tusa, as a powerful chief executive. This is what happens at the National Endowment for the Arts in the US.

Through its indecisiveness the Council has brought its very existence into doubt. What can it do now? On Wednesday it announces its grants for 1994-95 and will probably share the misery of reduced funding equally among the nation's arts companies. But by then it will also have to respond to Hoffmann. It will be terribly embarrassing if it rejects the Hoffmann findings. But if it accepts them where does this leave the LPO, only two years into a five year contract as the house orchestra of the South Bank, a residency pushed through, with money and encouragement by the Council? The LPO currently gets over £1.1m a year in subsidy: Hoffmann allocates it £700,000, insufficient to allow it to fulfill its programme. With more money somehow, the orchestras could be satisfied. But money is the one thing in short supply at the Arts Council. Peter Brooke, a professed believer in the arms length principle, has seen to that. Some arms are shorter than others.

In search of the next Tolstoy

Arkady Ostrovsky looks at the five books on the shortlist for the second Booker Russian Novel Prize

Among the many literary jokes of Daniil Kharms, the famous Russian absurdist, there was one concerned with the present state of Russian literature. In it Pushkin sits in his study and thinks: "I am a genius – fair enough. Gogol is a genius too. But Tolstoy is a genius as well, you know, and Dostoevsky is a genius. God, when will it all end?" And then it all ends.

The Booker's establishment of a special Russian Novel Prize seems to refute the Russian absurdist, suggesting that the great Russian novel maintains its tradition of excellence. In establishing the prize, the Booker pursued two aims: first, to help writers whose work could earn little money in Russia's present financial circumstances; secondly, to draw the attention of British publishers to contemporary Russian literature.

The author of this year's best Russian novel will receive £10,000. From the nominated 38 novels there is a shortlist of five. These are Victor Astafyev's *The Cursed and The Dead*; Semyon Lipkin's *Notes of a Lodger*; Vladimir Makanin's *A Baize-covered Table With a Carafe in the Middle*; Lyudmial Ulitskaya's *Sonechka* and Oleg Ermakov's *Sign of the Beast*.

Vladimir Makanin, 56, is well known to the Russian intelligentsia and belongs to the generation of writers defined by Russian critics as the "40-year-old's". Makanin was 40 in 1977: the nickname describes not his age, but rather the age of his character. The 1970s, a time of profound stagnation in Soviet society, produced a particular Soviet type: average, faceless, a grey mass, characterless like the thousands of identical flats intended for "identical" Soviet people.

The English reader used to struggling with unpronounceable Russian names may relax with Makanin. His characters do not have personal names. The impersonal "he" substitutes for the name of the central character. "He" has nightmares of a similarly impersonal baize-covered table, a powerful symbol of the communist court. Makanin dissects the Soviet system and its mentality like a skilled anatomist. He describes brilliantly the mechanisms of suppression and depicts the types of communist prosecutors who take part in this nightmare-trial.

The final scene, in which his character challenges the monstrous table and dies from its touch, is reminiscent of the famous Pushkin poem *The Bronze Horseman* where the protagonist challenges the menacing statue of Peter the Great. Written in Kafkaesque style, Makanin's novel becomes a startling portrait of Homo Sovieticus.

Although almost the same age as Makanin, Lyudmila Ulitskaya, 55, writes in an entirely different style. Her short novel *Sonechka* describes the life of a fragile, all-forgiving woman, Sonya, who lives with her husband and daughter in a communal flat in post-war Moscow. The quiet and happy life of her family is interrupted by the appearance of a young orphan-prostitute, whom her daughter brings home from school. And even though Sonya's husband, a painter, has an affair with this new "member" of the family, tolerant Sonya forgives everybody and loves everyone all the same. Saccharine and sentimental, filled with nostalgia, the novel carries a simplistic, unoriginal message: that a person can preserve himself no matter what is happening in the outside world.

When in the 1970s Semyon Lipkin, 82, finished his *Notes of a Lodger*, he must have had little hope of ever seeing it published in Russia. Lipkin was mostly known as a poet and translator. In the late 1970s he joined the famous literary almanac *Metropolis*, which was soon shut down by the communist party. After that, he was no longer published in the Soviet Union.

Born into a Jewish family in Odessa in 1911, Lipkin had experienced most of the events described in his book: civil war, Czarist pogroms, Bolshevik pogroms, the Jewish ghetto, the second world war. The genre is best described by its title: "Notes". The novel is rather unstructured, but contains a series of vivid scenes of life in Odessa, where Jews, Russians and Ukrainians all live together. There is a bewildering array of characters.

The whole period of Russian history from 1917 to the 1950s is shown through the eyes of scientist Michail Lorenz, who at times has a striking affinity with Pasternak's Doctor Zhivago. Had the novel been published in the 1970s, when it was originally written, it would have had an explosive effect, revealing some of the most secret sides of Soviet history. But it has missed its ideal date of publication; it is now like an old coat which one loves, but would no longer wear.

"O, Russian people, how open and forgiving your heart is! You can touch it with your hands under a coat, feel its anxious beating with your palm, feel its trustful warmth."

This hymn to an open yet mysterious Russian soul, with its touching admiration of the "saintly" Russians runs through the whole of Victor Astafyev's *The Cursed and the Dead*. To be fair, there are a few characters in the book who are not strong Siberian boys, but Armenians and Kazakhs. Yet they are there not for their own sakes; they appear simply to show the generosity of Russian people. In a multinational country where "Russian", "Armenian", "Jew" indicate not nationality or citizenship, but an ethnic affiliation, this sentence carries unpleasant nationalistic connotation. Astafyev, 69, represents the so-called "country prose", a genre which appeared in the post-thaw period and which sympathetically describes Russian rural life.

The Cursed and the Dead is set during the second world war on the Russian home front where young Siberian soldiers die not under the German fire, but in the Gulag's regime. A good craftsmen, Astafyev knows how to keep the reader gripped. A shocking description of the cruel, unfair execution of two naive Siberian twins, gives way to a utopian and idealised picture of natural village life. The style is a mixture of a low-key dialogues and biblical descriptions.

It is worth noting that Astafyev's main belief – that the salvation of Russia depends on the simple religious Russian people – coincides with the right-wing ideology of the Russian nationalist party.

The life span of Oleg Ermakov, 28, the youngest writer in the Booker shortlist has already included a few years of war. *Sign of the Beast*, his first full-length novel, deals with one of the most tragic periods of recent Soviet history – Afghanistan.

Bestial rules of the disintegrating Soviet army, the cruel mistreatment and humiliation of young recruits, the ethnic conflicts, although not news to most of today's readers, are still shocking to hear. But do these disturbing images make *Sign of the Beast* a good novel, or simply help it to sell? This is an excellent documentary story but not much of a novel. Ermakov's literary devices and metaphysical images of East and West, Taoist and Viking are rather primitive and disrupt the telling of the story.

Although I would not call any of the five novels outstanding, Makanin's *Baized-covered Table* remains the most intelligent and interesting of a bunch. The best novel will be announced at a presentation dinner in Moscow on December 14.

Radio/B.A. Young

Alien settings

The long evenings have given useful space for imaginative drama, and this week has by chance produced pieces with an assortment of alien settings. It also happens that on Radio 3 there was a series of four talks by Robert Wistrich, Professor of Jewish Studies at University College, London, on *The Revival of Nationalism*. Only one of the plays I heard had any touch of nationalism in it (and that not serious); but it was good to be reminded of foreign cultures.

The Sunday play on Radio 3 continued its Polish season with *Mariage Blanc* by Tadeusz Rosewicz, translated by Adam Czerniawski. Its 16-year-old heroine, Bianca, is unhappy about the marriage to Benjamin arranged for her, and a lot of the play consists of her talk with her friend Pauline. We learn that she wanted to be a boy, that her mother and father never loved each other, that she thinks her grandfather "unclean". Much varied sex goes on among family and servants, including Bianca's "dream" affair with Saint Nicholas, one of several sex-oriented dreams. Pauline explains the facts of life, and Bianca swears she will have a *mariage blanc*. To make sure of it, she cuts her hair like a boy's before the first night, and as she enters the marital bedroom she asks Benjamin to consider her as his brother.

There are moments of deep understanding between the girls, and the play was originally condemned as pornographic. There is indeed much straightforward talk, dodgy at Sunday's 7.30 to 9.00 timing. I was not much impressed by the playing under Kate Rowland's direction.

More *blancs* in Radio 4's Monday Play Lorraine Hansberry's posthumous *Les Blancs*. Hansberry came from prosperous black folks in Chicago and was seriously concerned with the advancement of coloured people. This play, however, is about Central Africa under the threat of revolt, a different matter altogether, and she seems only to have read about such things in books. Her African village is not convincing, especially as she has added to the indigenous company the staff of a medical mission, a liberal American reporter, a military officer who treats the Africans as peasants, and a quasi-Western member of the central family, Tshebe (Leo Wringer), who likes to be called "Mr Matoseh". The story concerns his problem – to join a revolt in which his relations are involved, or to go back to his textile business. There is some sinister gunfire, but few casualties. Heather Goodman was the director.

We go still further afield on the World Service, with its version of *Dr Strangelove* in an adaptation by Kerry Shale. It comes in two parts, the first last Sunday, the next tomorrow. Shale also plays some of the characters, eight of them – five of the crew of the American B52 that precipitates the end of the world by bombing Russia; the Presidents of the USA and Russia; the RAF officer attached to the USAF; and Dr Strangelove himself, a quite small part so much distorted vocally that it is hard to understand. The mutual antagonism of the nations is, one hopes, as much a matter of history as their post-nuclear weaponry; at any rate the total destruction of life involved in Russia's "Doomsday Machine" is no longer as threatening as novelist Peter George left it. It may be that to treat national enmity as a source of laughter is the best idea.

Come to the 'Cabaret'

Malcolm Rutherford reviews Sam Mendes' new production

If this were a real cabaret, you would drop in for the second act which is so incomparably better than the first. Since the Donmar Warehouse is a serious theatre, you have to sit all the way through and take the smooth with the rough.

I have been pondering why the first hour or so of this once marvellous musical now seems so passive, yet the second is more explosive than ever. Possibly one reason was first night nerves: there is not much zing in the opening numbers. The auditorium at this most *chic* of London's theatres has been re-arranged to turn the first rows into cabaret tables. Everything seems to be in place. Then nothing much happens.

The master of ceremonies at the Berlin nightclub is played by Alan Cumming, the man who did an electrifying adolescent Hamlet in the same theatre a few weeks ago. He looks wonderful: perfect eye make-up, red around the lower edges. Dressed first in a long black leather coat, only curtailed to give a glimpse of his white socks, then in the black silk underwear of a transvestite, he has kept that finger-wagging approach and way of appealing directly to the audience that he revealed in *Hamlet*. When he is around all eyes are on him. The trouble is that he is not around all that often. This is a remarkably subdued performance: the MC as the observer rather than the observed.

Is that deliberate? If so, it is a triumph of modesty over exhibitionism. Kenneth Branagh in his precocious years would never have been tamed so easily or effectively. Cumming is the new male star of British theatre.

Yet perhaps we should pay tribute to Sam Mendes, the young director. It is just possible that he intended the first half to be dull in order to show off later. For perceptions of *Cabaret* have clearly changed over the years.

The story was drawn from the writings of Christopher Isherwood, who lived in Berlin in the 1930s. The original heroine seemed to be Sally Bowles, the girl – drawn from a real-life figure called Jean Ross – who worked the nightclubs in the German capital and wanted to die on the job like her friend Elsie from Chelsea. It may have seemed romantic at the time.

Today Sally Bowles looks like a silly, uninteresting little girl, and her American, aspirant novel-writing boy friend, Clifford, less silly but just as stupid. They have moved from being central characters in the show to almost peripheral. There may be some theatrical irony in the casting: Sally is played by Jane Horrocks, the girl who starred in *The Rise and Fall of Little Voice*.

There are compensations in making way for older people. The outstanding character in this production is Fraülein Schneider, played by Sara Kestelman. Those were the days when an unmarried German girl over the age of 15 continued to be addressed as Fraülein ever after. I do not think we ever learn her first name, nor that of her lover Herr Schultz.

Fraülein Schneider keeps a boarding house and is not unduly fussy about her tenants, provided they pay the rent and preserve a veneer of respectability. Where she draws the line, as the 1930s advance, is in deciding to break off her engagement to Herr Schultz because he is a Jew, even though German-born. These scenes are vastly more mature than anything to do with Sally Bowles.

George Raistrick is a most dignified Herr Schultz. Ms Kestelman plays Fraülein Schneider with an impeccable German English-speaking accent that haunts anyone acquainted with central Europe. And the best songs in the show have become the love duets between them, overshadowing even the theme, "Cabaret". The most satirical remains "If you could see her through her my eyes" sung by the MC dancing with an ape. It has a devastating final line. Cumming performs it to perfection.

Donmar Warehouse. (071) 867 1150

Alastair Muir

Bright new star: Alan Cumming (centre) as the MC

New opera house finished at last

John Allison attends the inauguration in Helsinki

After long delays of up to 70 years, Helsinki's new opera house opened last month with the first Finnish performance of Aulis Sallinen's *Kullervo*. The opera was commissioned for the new house and completed in 1988, but as construction got further behind schedule its premiere was moved to Los Angeles in February 1992 (reviewed by Max Loppert).

The inauguration – celebrated lavishly – is of great significance for Finland. In spite of a modern opera boom unparalleled anywhere, the country has until now lacked a purpose-built opera house. Many new works have been premiered in the courtyard of Savonlinna's castle, home to the renowned summer festival and since 1919, Finnish National Opera itself has occupied Helsinki's 500-seat Alexander Theatre, built in 1879 for the Russian garrison, charming but hopelessly inadequate.

Since the 1920s, successive plans have been mooted and then shelved. The final stage began as long ago as 1975 with the launch of an architectural competition. The winning team, led by Eero Hyvämäki, was announced in 1977, but even then construction did not commence until 1986.

As the project neared completion, so the controversy it inspired increased: with Finland in the grip of a severe recession, people baulked at the cost, in the region of £100 million. The state provides 85 per cent of FNO's income, with ticket sales and sponsorship funding the balance. Top ticket prices are a little over £20. Cultural provision in Finland – a country whose total population is about half that of London – puts levels of arts subsidy in the UK to shame.

Though the stark, white-tiled and glass façade perhaps has the look of a 1970s design built in the 1980s, the opera house blends well with the scenery on the city's Töölönlahti Bay. Not far from Alvar Aalto's Finlandia Hall, and across the water from the Helsinki City Theatre, the building is dominated by its huge fly-tower, but to keep the surrounding park as green as possible, the service areas are all underground.

Cool, Nordic modernism predominates inside. The foyers, white with blue-grey marble floors, are spacious and the auditorium suggests an honest, modern response to the traditional horseshoe shape, its curved lines ensuring intimacy. Red beechwood panelling adds warmth, and the hard materials used throughout help the excellent acoustics. These are matched by good sightlines – no-one is far from the wide stage and its adjustable proscenium. The theatre's versatile facilities are suited to a wide repertory (it is shared with Finnish National ballet). It also boasts a small second auditorium, which doubles as a rehearsal stage and a venue for experimental works.

The move has necessitated expanding the orchestra and chorus, and on the evidence of this *Kullervo* performance at least, both have found the measure of their new home. They responded magnificently to the baton of Ulf Söderblom, the midwife of countless new Finnish operas who retired in the summer as FNO's chief conductor after 20 years. Kalle Holmberg's production – by all accounts essentially the same as in the Los Angeles premiere – filled the new stage with fluid movement and allowed *Kullervo* to unfold with inexorable dramatic thrust.

Though *Kullervo*'s sources lie in Finnish myth and romantic drama this is no "fur-hat opera": the powerfully-drawn characters all have modern resonance, but the composer leaves recognition of this to his audience. The title role, a sympathetic portrait of an angry youth trapped by society, is tailored to the talents of Jorma Hynninen, Finland's foremost baritone and one of the world's great singing-actors. His dark, full-toned instrument seems ideal for the troubled Kullervo.

Though Hynninen compels attention, *Kullervo* is above all an ensemble opera, and there were outstanding performances from Jorma Silvasti as a plaintive Kimmo, Kullervo's friend, and Eeva-Liisa Saarinen, unbearably poignant as Kullervo's mother. Anna-Lisa Jakobsson sang lustrously as the Smith's Young Wife, and as the Blind Singer, Vesa-Marti Loiri crooned the ballad on which the whole plot hinges with peculiar intensity. A single change from the Los Angeles (and CD) cast brought Tapani Valtasaari into the role of the weak-willed Unto.

This performance revealed Finnish opera at its richest. The country has long been blessed with great singers and composers, and at last it has an opera house worthy of them.

In repertory until January 7.

Blithe minus spirit

The Birmingham Repertory Theatre has updated Noel Coward's *Blithe Spirit* (1941) and dragged it into the 1990s. The play looks more like *Prohibited Substance* as the ectoplasmic ex-wife returns to haunt the living marriage. But the evening still needs to be much more spirited.

Charles is a novelist who has called in a Medium, Madame Arcati, for some psychic research; but his dead wife Elvira materialises visible and audible to him alone and intent on having him join her on the other side. Charles's second wife, Ruth, handles the situation well until Elvira kills her in a car accident fixed for Charles. He is then haunted by two ex-wives who are finally exorcised by Madame Arcati and the Maid.

The set, a conservatory with TV, stereo, fax and computer promising technological mischief. But Coward's ambiance is lacking. The play is partly about being polite at all times, and partly about ideal, *blithe* womanhood represented by Elvira. The director Robin Midgley has missed these aspects of the play.

Midgley and his designer Ruari Murchison fix Elvira in the 1960s, listening to *Sgt. Pepper* and materialising to "Lucy in the Sky With Diamonds." The idea works intermittently, but cannot be sustained. This is because the play is too flimsy to change. Coward wrote it over a week's holiday.He said: "I will admit that I knew it was witty, I knew it was well constructed and I also knew it would be a success." The play ran for 2,000 performances in the West End.

Missing from Birmingham are Coward's delicious Dry Martinis which marshal the action like punctuation orders a sentence; gone are tales of fecklessness and irresponsibility in Budleigh Salterton; and absent is the innate sense of the frivolity of it all. The trick of Coward's comedy makes the encounter between two worlds into another cocktail conversation.

In come, commendably, an Indian couple Dr Bunti and his wife Sadie who, with seasonal if not devotional correctness, do not drink and drive. Also in are modern furnishings which make people behave in an un-Cowardlike way: just try insoucaint lounging in a leather and chrome Vassily Chair, circa 1922.

As Madame Arcati, Patsy Byrne is wonderfully terrestrial. She huffs and puffs around the stage, humming, swinging garlic and consuming strawberry sandwiches. Elvira and Ruth (Eve Matheson and Angela Scoular) in bright latex dresses orbit around a confused but self-satisfied Charles (John Labanowksi).

Visitors from the other side have appeared on stage and screen from *Hamlet* to *Ghostbusters*. Perhaps Teddington's most famous son (1899-1973) should materialise himself to liven up the proceedings in what he thought was his most successful play.

Andrew St George

Birmingham Rep until January 29 (021 236 4455)

A 'forte' soprano

Just two months ago, Elizabeth Connell sang a brave, vital Isolde in the Festival Hall, with Wagner's giant pit-band surrounding her on the platform (and with the wrong conductor), and she made her music hit the back of the Grand Tier. On Wednesday she sang a Wigmore Hall programme entitled "In Praise of Women": a decidedly *douce* selection of songs with piano, from German Romantics to later French to forgotten Victorian, some of them composed by women.

It was an imperfect success. In her Schumanns and Mahlers (husbands and wives) and Mendelssohns (brother and sister), all salon-scale songs, Miss Connell's chesty *diva* tones were not well found, and her higher register – always in *forte* – was like chalk on slate. Only because, I should guess, she was trying to reduce her big-house *fortissimo* to Wigmore dimensions; the result throttled her stirring full-cry tone down to something fierce but thin, and very hard on the ear. Brahms, Wolf and Strauss were somewhat more comfortable, but bumpy (like her lively accompanist Eugene Asti).

From time to time some of the Connell strengths flickered through, on reduced voltage – here a telling phrase seized with energy and imagination, there a winning touch of wry Irish humour. But what was the point of barging into territory so fastidiously cultivated by full-time *Lieder* singers? They have accustomed our ears to long, lucidly detailed lines, partly on the assumption (sometimes debatable) that every word of the poetry should be heard, where this dramatic soprano goes instinctively for the high points and elsewhere drops whole syllables into a murky void.

Singing mostly from the printed music, she struck jarring reefs among French vowels as well as German ones. In early Fauré, who sometimes let his purely musical impulses spoil the prosody of his chosen verses, Miss Connell – charming though she was – stressed the false accents again and again, where a native specialist would smoothe them over.

That assiduous delver Graham Johnson was credited with help in choosing the programme. No doubt it was he who dug up Honegger's *Petit Cours de Morale*, five arch little songs on Giraudoux texts (sub-Eric Rohmer and distinctly Anglophobe); but they needed sniffy native knowingness to bring them off, and did not get it. In her closing group of parlour songs by Victorian ladies, however, Miss Connell swung nicely into the right sentimental address. I was delighted to learn at last where the deathless line "Pale hands I loved beside the Shalimar" comes from: it turns out to be the first line of a Kashmiri Song by Amy Woodforde-Finden (1860-1919).

David Murray

Sponsored by Lloyd's Bank plc

Scouse in the house

Few cities have needed Scouse wit to lighten its darkness quite as much as Liverpool has – blighted by the death of shipbuilding, the tragedy of Toxteth, the horrors of Hillsborough and the Jamie Bulger case. Yet few provincial centres have been as artistically vital as Liverpool, from the Mersey bands of the 1960s, through the playwrights of the 1970s, the Liverpool Everyman, the Philharmonic, the Tate.

In the 1960s, it was music that kept the kids off the street. And alongside all those jangling guitars and sweaty, twisting bodies in the Cavern and lesser clubs, came the poets, especially the three that seemed to sum up the spirit of the place: Roger McGough, Brian Patten and Adrian Henri.

In 1967, Penguin published an anthology of the three of them in their Penguin Modern Poets series. *The Mersey Sound* is still in print and has now sold almost half a million copies, making it the best-selling poetry anthology of all time. And this week the three of them had a reunion reading at the South Bank. The Liverpool Poets were back.

But back to what?

And who were they writing for? Of the three, only Henri is not a born and bred Scouser, though he is only one that still lives there. "Our audience was the same as the more discerning Cavern-goers," he says, "non-intellectual, non-university, a few art students, sixth-formers, a young crowd who would try and appreciate anything as long as they weren't bored: above all whatever was presented should entertain."

The Livepool Poets in performance are part a cabaret threesome and part earnest individualists.

The opening sketch was a telling reminder of how the Liverpool Poets have been treated by the critics – as "a short-lived furore". Being popular, and easily understood at first reading, they must be superficial. How true is this?

Henri is the slightest of the trio. Greatly influenced by the Beats, his poems too often sound like random gobbets of autobiographical reportage. The best of them depend for their success upon the single, forceful image. His best work, in fact, has been done as an artist – from pop art in the 1960s to multi-media events with live music, including the "Liverpool Scene," a poetry/rock group that played with Led Zeppelin and recorded for RCA. What he can do well is write a good song lyric.

Patten reads heart on sleeve, and some of his love poems are very good indeed. Unfortunately, he seems too easily pleased by his own material. Too much of his poetry is like an adolescent's first love affair with words.

McGough's is the most enduring talent, and he is also the most effective solo entertainer of the three. He reads fast, making his well-crafted work sound like good patter. Most of the poems he read were from his new book, *Defying Gravity* (Viking, £9.99), a collection which The Times Literary Supplement declined to review.

These days McGough's work is mainly about his relations – the large Catholic family amongst which he was brought up; the young children of his second marriage. This is all very different from the mildly subversive stuff of the 1960s, the tics picked up from e e cummings; the defiant spurning of syntax and punctuation; the not so daring hymns to free love. What he seems to exude now is a mood of incorrigible optimism and the belief that poetry and what it memorialises is for sharing.

No wonder the young girl said to her friend as she walked into the foyer: "We will write a poem tonight, I assure you, and it will rhyme!" No one ever said that after a reading by Walcott or Brodsky. "Oh my God!" was what they said then. "Such unscaleable heights..."

Michael Glover

TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Mythical Magical Creatures. 7.40 Felix the Cat. 7.55 Peter Pan and the Pirates. 8.15 Marlene Marlowe Investigates. 8.35 Tom and Jerry's Greatest Hits. 9.00 Live and Kicking.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider including 12.20 Football Focus: A look ahead to the weekend's FA Premiership action. 12.40 Racing from Cheltenham: The 12.45 Bonusprint Novices Chase. 12.55 Skiing: The Men's Downhill Championship from Val d'Isere in France. 1.10 News. 1.15 Racing: The 1.20 Bula Hurdle Race. 1.30 Ice Skating: The British Figure Skating Championships from Basingstoke. 1.50 Racing: The 1.55 Tripleprint Gold Cup Handicap Chase. 2.05 Ice Skating. 2.25 Racing: The 2.30 Lonesome Glory Hurdle Race. 2.40 Rallycross: The British Grand Prix from Brands Hatch. 2.55 Rugby League: St Helens v Warrington in the third round of the Royal Trophy from Knowsley Road. 3.45 Football Half-Times. 3.55 Rugby League. 4.35 Final Score. Times may vary.
5.15 News.
5.25 Regional News.
5.30 Happy Families.
6.15 Dad's Army. The platoon's van breaks down on a deserted road, forcing Capt Mainwaring and his hapless crew to spend the night in a spooky old house.
6.45 Noel's House Party. Actor Keith Barron makes a guest appearance, actress Su Pollard gets a Gotcha Oscar, and England rugby star Rob Andrew Grabs a Grand.
7.45 Big Break.
8.15 Casualty. A melancholy mood descends on the Accident and Emergency Department as Duffy starts her last shift – a sadness deepened when the pregnant nurse has to comfort the mother of a cot death baby.
9.05 Harry. The champagne flows as the heartless hack celebrates a journalistic coup over Fleet Street. Michael Elphick and Barbara Marten star.
9.55 News and Sport; Weather.
10.15 Match of the Day. Highlights from two FA Premiership matches, plus the goals, news and views from the rest of the day's fixtures.
11.15 Film: The Carpetbaggers. Melodrama following the schemes of a wealthy young heir striving for power in Hollywood. George Peppard and Carroll Baker star (1964).
1.40 Weather.
1.45 Close.

BBC2

8.00 Open University. 8.55 Macgregor's Scotland. 10.25 Dhoop Kinaray.(English subtitles). 11.05 Network East. 11.35 Chanakya.(English subtitles).

12.15 Film: Body and Soul. Boxing drama, starring John Garfield as a young fighter corrupted on his way to the world title. With Lilli Palmer and Hazel Brooks (1947).
1.55 Neighbours. Light-hearted look at life in an apartment block in Havana.
2.10 Civilisation. Sir Kenneth Clark discusses how the intellectual elite of 18th century Europe rejected religion and authoritarianism in favour of tolerance and reason.
3.05 Film: Far from the Madding Crowd. A beautiful young landowner (Julie Christie) tantalises three suitors in 19th century Dorset. Romantic tale, with Alan Bates and Terence Stamp (1967).
5.45 Late Again. Highlights from last week's Late Shows.
6.30 Scrutiny. Weekly look at the work of parliamentary committees.
7.00 News and Sport; Weather.
7.15 The Great Depression. In the 1930s depression in the US racial violence increased. Lynchings of black activists went unpunished, and mob violence and prejudice became the order of the day. While the Federal government tried to ignore the plight of European Jews, leading political and sporting figures, such as Eleanor Roosevelt and heavyweight champion Joe Louis, began to challenge the US to live up to its promise of justice and opportunity for all.
8.10 Performance: The Changeling. Bob Hoskins returns to the small screen, starring alongside Elizabeth McGovern and Leslie Phillips, in this adaptation of the classic Jacobean play by Thomas Middleton and William Rowley. A young bride-to-be falls for another man days before her arranged wedding, and takes drastic measures to resolve the situation, entangling her cruel servant in a murderous web of treachery and deceit.
9.40 Have I Got News for You. Chaired by Angus Deayton.
10.10 Film: Best Seller. Police drama, starring Brian Dennehy, James Woods and Victoria Tennent (1987).
11.40 The Passing. Bill Viola's semi-abstract film showing a sequence of black and white images of barren desert landscapes and a disturbing underwater world.
12.40 Tennis: The Grand Slam Cup. Semi-final action from Munich.
2.15 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Movies, Games and Videos.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Film: It's All Happening. A talent scout helps to save an orphanage and becomes a star in the process. Musical comedy, starring Tommy Steele and Angela Douglas (1963).
3.00 NBA Basketball. The game of the week, and highlights from the rest of the league.
4.00 WCW Worldwide Wrestling. Ringside action with the grappling giants.
4.40 ITN News and Results; Weather.
4.55 London Tonight and Sport; Weather.
5.15 Cartoon Time.
5.25 Catchphrase. Contestants solve computerised puzzles.
5.55 Gladiators. Jean Klenk from Leeds, Paula Bisley of Oxon, Deane Hart from Kidderminster and Dorset's Philip Norman challenge the super-fit warriors in the first semi-final. Presented by Ulrika Jonsson and John Fashanu, from Birmingham's National Indoor Arena.
6.55 Blind Date. Cilla Black plays Cupid to more would-be romantics.
7.55 Murder, She Wrote. An ex-convict arrives back in his home town after a three-year prison sentence, and immediately comes under suspicion of a gruesome double murder. Can Jessica unmask the real killer and ensure that justice is done? Starring Angela Lansbury, William Windom, Bruce Abbott and Ron Masak.
8.50 ITN News; Weather.
9.00 London Weather.
9.05 The Bill. Sun Hill officers are alerted when a convict risks his parole to spend a night at home.
9.35 Film: Target. Premiere. A former CIA agent reveals a secret past to his son when he flies out to Paris to trace his kidnapped wife. Thriller, starring Gene Hackman, Matt Dillon, Josef Sommer and Guy Boyd (1985).
11.45 Film: Repossessed. Premiere. A suburban housewife (Linda Blair) is possessed by a TV demon and a retired priest is called upon to exorcise it – on national television. Horror spoof of the Exorcist, also starring Leslie Nielsen and Ned Beatty (1990).
1.20 Pro-Box Classics.
2.20 The Big E.; ITN News Headlines.
3.15 Travel Trails.
3.45 Get Stuffed; ITN News Headlines.
3.50 European Nine-Ball Pool Masters.
4.50 BPM.; Night Shift.

CHANNEL4

5.00 4-Tel on View. 6.00 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 The Lighthouse. 12.30 pm Safe TV.

1.00 Film: Our Girl Friday. British comedy, starring Joan Collins, George Cole and Kenneth More. Collins plays the only female survivor of a shipwreck, stranded on a desert island with a group of love-hungry men. With Hattie Jacques (1953).
2.25 Film: A Night to Remember. Dramatic reconstruction of the sinking of the Titanic. Starring Kenneth More, Honor Blackman and David McCallum (1958).
4.40 Cut Out for Love. Musical comedy short about cut-out figures coming to life.
5.05 Brookside.
6.30 Right to Reply. Viewers deliver their verdicts on recent TV programmes.
7.00 A Week in Politics. Vincent Hanna and Andrew Rawnsley review the week's developments; News Summary.
8.00 Four-Mations. Profile of the late Dianne Jackson, who discusses her life and career in this interview recorded shortly before her death last New Year's Eve.
8.30 Whose Line is it Anyway? Another selection of improvised comedy sketches.
9.00 Brides of Christ. Sister Paul (Lisa Hensley) falls for a radical ex-priest when she leaves the convent to attend a family wedding. Drama, also starring Brenda Fricker and Simon Burke.
10.00 Peel Slowly and See: An Evening with the Velvet Underground. Debbie Harry introduces programmes celebrating the influential 1960s band.
10.10 Curious: The Velvet Underground in Europe. Footage of the group's European tour last year, including coverage of their visit to Prague.
11.10 Velvet Redux: Live MCMXCIII. Film of the band's three Paris concerts in June, featuring such cult classics as Heroin, Venus in Furs and Femme Fatale.
12.05 Coyote.
12.15 The Chelsea Girls: Introduction.
12.30 Film: The Chelsea Girls. Premiere. Andy Warhol's surreal home movie which examines the lives and activities of a bizarre group of misfits living in New York's Chelsea Hotel (1967).
4.20 Songs for Drella.
5.20 The Gift.
5.40 Sunday Morning.
5.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
1.05 Anglia News. 1.10 The Littlest Hobo. 1.35 COPS. 2.05 Murder One. (1969) 3.45 Knight Rider. 4.55 Anglia News and Sport 9.00 Anglia Weather.
BORDER:
1.05 Border News. 1.10 Marriage is a Private Affair. (1944) 3.15 On the Grid. 3.45 Out of Limits. 3.55 Superstars of Wrestling. 4.55 Border News and Weather 5.05 Sports Results.
CENTRAL:
12.30 America's Top 10. 1.05 Central News 1.10 Bugs Bunny. 1.20 COPS. 1.45 Movies, Games and Videos. 2.15 Knight Rider. 3.10 The A-Team. 4.55 Central News 5.00 The Central Match – Goals Extra. 9.00 Local Weather.
CHANNEL:
1.05 Channel Diary. 1.10 Sail the World. 1.40 NBA Basketball. 2.40 The A-Team. 3.40 Cartoon. 4.55 Channel News. 5.00 Puffin's Pla(i)ce.
GRAMPIAN:
1.05 Grampian Headlines 1.10 Telefios. 1.40 Haggis Agus. 2.10 Caiptean Zed Agus an Zee Zone. 2.35 Tomas Tonteach 'S a Charaidean. 2.45 The A-Team. 3.40 WCW Worldwide Wrestling. 4.55 Grampian Headlines 5.00 Grampian News Review. 9.00 Grampian Weather.
GRANADA:
1.05 Granada News 1.10 Marriage is a Private Affair. (1944) 3.15 On the Grid. 3.45 Out of Limits. 3.55 Superstars of Wrestling. 4.55 Granada News. 5.00 Goals Extra. 5.05 Cartoon Time. 9.00 Granada Weather.
HTV:
12.30 No Naked Flames. 1.05 HTV News. 1.10 Sail the World. 1.40 Cartoon Time. 1.55 The Cops and Robin. (TVM 1978) 3.45 Baywatch. 4.55 HTV News and Sport 9.00 HTV Weather.
HTV Wales as HTV except:
12.30 Movies, Games and Videos.
MERIDIAN:
1.05 Meridian News. 1.10 Sail the World. 1.40 NBA Basketball. 2.40 The A-Team. 3.40 Cartoon. 4.55 Meridian News.
SCOTTISH:
1.05 Scotland Today. 1.10 Telefios. 1.40 Haggis Agus. 2.10 Caiptean Zed Agus an Zee Zone. 2.40 Starting from Scratch. 3.10 The Sullivans. 3.40 The A-Team. 4.55 Scotland Today 9.00 Scottish Weather. 11.45 Scottish Books.
TYNE TEES:
1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 An Alligator Named Daisy. (1955) 3.45 Baywatch. 4.55 Tyne Tees Saturday
ULSTER:
12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 Movies, Games and Videos. 1.50 Dinosaurs. 2.20 Condor Man. (1981) 4.55 UTV Live News 5.00 Saturday Sport. 9.00 UTV Live News
WESTCOUNTRY:
1.05 Westcountry Weekend Latest. 1.10 The A-Team. 2.05 Dinosaurs. 2.35 Anybody Out There? 4.55 Westcountry Weekend Latest.
YORKSHIRE:
1.05 Calendar News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 An Alligator Named Daisy. (1957) 3.45 Baywatch. 4.55 Calendar News
S4C Wales as Channel 4 except:-
7.05 Early Morning. 12.30 Short Stories. 6.30 Cwlwm Serch. 7.00 Newyddion. 7.15 Bacha Hi O'Ma. 8.00 Tocyn Tymor. 9.00 Pris y Farchnad.

SUNDAY

BBC1

7.25 The High Chaparral. 8.15 Breakfast with Frost. 9.15 Christmas is Coming. 10.00 See Hear! 11.00 Careering Ahead. 11.30 The Human Element.

12.00 Bellamy Rides Again. The environmental damage caused by acid rain.
12.30 CountryFile. Report from a school farm in Kent whose pupils rear their own Christmas turkeys.
12.55 Weather for the Week Ahead.
1.00 News.
1.03 On the Record.
2.00 EastEnders.
3.00 Film: Indiscreet. Cary Grant and Ingrid Bergman star in this comedy about the on-off romance between a shy American diplomat and a beautiful European actress (1958).
4.40 Lifeline.
4.50 Stay Tooned!
5.15 The Clothes Show. Highlights of the Clothes Show Live exhibition from the Birmingham NEC.
5.40 The Borrowers.
6.10 News.
6.25 Songs of Praise. A satellite link-up between Wrexham in Wales and Oradea in Romania.
7.00 Last of the Summer Wine. Foggy enlists the help of Wesley and his bus when he believes he has discovered a woodpecker in the forest.
7.30 The Sports Review of the Year 1993. Desmond Lynam and Steve Rider introduce this retrospective on the past 12 months and announce the winner of the BBC Sports Personality of the Year. Subsequent programmes may run late.
9.20 To Play the King. A general election is called, but polls suggest a lack of public support for Urquhart (Ian Richardson) – can the scheming Prime Minister ensure his re-election? Last in series.
10.15 News and Weather.
10.30 Legendary Trails. Novelist David Lodge follows the ancient 1,000-mile route of St James to Santiago de Compostela in Spain.
11.20 Steven Spielberg's Amazing Stories. An American college nerd (Jon Cryer) finds a way to make beautiful women jump from the pages of magazines and into his arms.
11.45 The Sky at Night. The latest theories on black holes.
12.10 Film: Drop Dead Darling. A con man who marries then murders rich women meets his match in a feisty young widow. Black comedy, starring Tony Curtis and Zsa Zsa Gabor (1966).
1.45 Weather.
1.50 Close.

BBC2

7.20 Poddington Peas. 7.25 Playdays. 7.45 Wishing. 8.00 Telling Tales. 8.15 Blue Peter. 9.05 Albert the 5th Musketeer. 9.30 Simon and the Witch. 9.55 TimeBusters. 10.05 Grimmy. 10.30 Grange Hill. 10.55 The All-New Popeye Show. 11.20 The Boot Street Band. 11.45 The O Zone. 12.00 Stingray. 12.25 pm Gunsmoke. 1.15 The Phil Silvers Show.

1.40 The Living Soap. As the end of term approaches, the six students plan their Christmas celebrations.
2.00 Around Westminster. The region's political developments.
2.30 Film: The War Lord. Medieval epic telling the story of an 11th century French nobleman's struggle to protect his village from marauders. Starring Charlton Heston and Richard Boone (1965).
4.25 Ski Sunday. David Vine introduces the Men's Downhill from Val d'Isere, the traditional venue for the season's first event.
5.10 Rugby Special. Chris Rea presents the latest news and highlights from the Courage League.
6.10 One Man and His Dog. Phil Drabble concludes the series with the finals of the brace and singles championships.
7.00 The Money Programme. A bitter debate is now raging over how to replace the Milk Marketing Board and whatever its outcome, milk distribution looks set to change radically. John Withington asks whether the consumer can expect the price of a pinta to increase – and what effects this will have on other dairy products.
7.40 Theatre School. The drama students near the end of their course and face the daunting prospect of looking for work and attracting potential agents. Contributors include Sir Anthony Hopkins and Jack Shepherd.
8.10 Locomotion. Railways around the world were originally built to ensure a more prosperous future, but the dream is now in tatters as costs soar and maintenance is neglected. The final programme of the series reports from Japan, Los Angeles and Argentina to see how the fate of rail travel is being decided in differing societies.
9.00 Notes and Queries with Clive Anderson.
9.35 Film: Fist. Sylvester Stallone stars as a trucking company employee struggling for workers' rights against a callous management. Taut drama, with Rod Steiger (1978).
11.45 Tennis: The Grand Slam Cup. Coverage of the final from Munich.
1.05 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning. 12.30 pm The Littlest Hobo. 12.55 London Today; Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden talks to Ulster Unionist MP David Trimble and shadow Northern Ireland secretary Kevin McNamara.
2.00 Highway to Heaven. Jonathan helps a lawyer find romance with Mark's cousin.
2.50 The Sunday Match. Charlton Athletic v Portsmouth. Matthew Lorenzo and Ian St John introduce live coverage of the Division One match from The Valley. Commentary by Brian Moore and Theo Foley, with reports from Jim Rosenthal and Gabriel Clarke.
5.30 Beside the Seaside. The programme examines foreign travel before World War Two, focusing on the effect on British coastal resorts of the the mass package holiday industry in the 1960s.
6.00 London Tonight; Weather.
6.20 ITN News; Weather.
6.30 SeaQuest DSV. Bridger and the crew battle against hurricane conditions to rescue a French submarine trapped in the Bermuda Triangle. Roy Scheider and Stephanie Beacham star.
7.30 You've Been Framed! Compilation of home-video howlers.
8.00 The British Comedy Awards 1993. The cream of Britain's comedy performers, writers, actors and programme-makers gather at the London Television Centre for the prestigious awards. Hosted by Jonathan Ross.
10.00 Spitting Image.
10.30 ITN News; Weather.
10.40 London Weather.
10.45 Curves, Contours and Body Horns. Rock music's legendary axe-men celebrate the 40th birthday of the Fender Stratocaster, arguably the world's most famous guitar. The programme traces the history of the popular instrument, whose players have included Hank Marvin, Buddy Holly, Jimi Hendrix, Eric Clapton, Mark Knopfler, Bryan Adams and Richie Sambora.
11.45 Sail the World. The fleet completes the second leg.
12.15 Cue the Music.
1.15 Film: Give Us Tomorrow Siege drama, starring Sylvia Sims and Derren Nesbitt; ITN News Headlines.
3.00 War of the Worlds.; ITN News Headlines.
3.50 Derrick.
5.00 Crusade in the Pacific.

CHANNEL4

6.00 Early Morning. 9.25 Wowser. 9.40 Laurel and Hardy. 9.45 Dog City. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie. 12.45 pm Bush Tucker Man.

1.15 Football Italia. Pick of the day's matches, from a line-up including Juventus v Lazio, Sampdoria v Inter and Parma v Cagliari.
3.30 Film: Buffalo Bill. Western biopic chronicling the life of the legendary marksman who found fame with his Wild West show. Joel McCrea and Maureen O'Hara star (1944).
5.10 News.
5.15 High Interest. First of a two-part special exploring the world of the international gem trade. Filmed over several years, the programmes follow dealers at work and looks at how the trade has been affected by recession.
6.00 Moviewatch.
6.30 The Cosby Show.
7.00 Equinox. A look at the celebrated legend of the Bermuda Triangle. Equinox offers the first ever scientific explanation based on the research of American geo-chemist Dr Richard McIver.
8.00 The Great Commanders. Profile of Lord Horatio Nelson, the British commander who earned widespread respect following his strategic triumph at the Battle of Trafalgar, despite personal shortcomings of vanity and insubordination.
8.45 Snapshots. Christine Keeler, who scandalised Britain in the 1960s in the wake of her affair with MP John Profumo during the 1960s, recalls her childhood on the banks of the Thames in Berkshire.
9.00 To Kill and Kill Again. The phenomenon of the serial killer, including extracts from a taped interview with convicted killer Jeffrey Dahmer and a look at the research of criminologists, forensic psychiatrists, psychologists and behavioural scientists.
10.00 Film: MASH. American battlefield surgeons alleviate the horror of the Korean War with outrageous comedy, starring Donald Sutherland and Elliott Gould (1970).
12.10 Four-Mations.
12.35 Film: Knocks at My Door. Latin American drama about two nuns harbouring an escaped convict (1991).(English subtitles).
2.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.30 Help. 12.55 Anglia News. 2.50 Anglia Sport Special. 5.30 Bullseye. 6.00 Anglia News on Sunday 10.40 Anglia Weather.
[illegible]

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sally [illegible]

series. Dvorak's three-act fairy tale opera Rusalka.
10.10 Randy Weston. The American pianist in concert. [illegible]

to Glastonbury from Deptford High Street (not forgetting Whatever[illegible]).
9.20 Music in Mind. [illegible]

World Today. 6.30 Europe Today. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. [illegible]

SUNDAY

BBC RADIO 2
7.00 Don Maclean.
9.05 John Sachs.
10.30 Hayes on Sunday. [illegible]

9.35 Music in Our Time. The Huddersfield Contemporary Music Festival.
10.30 Choir Works. Pierne, Saint-Saens, Charpentier. [illegible]

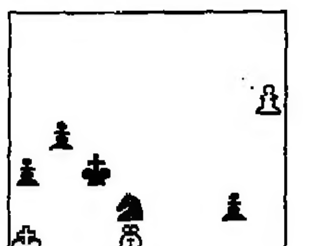
8.00 Two People. The [illegible] of selling historic fam[illegible]
8.30 Reading Aloud. [illegible]
9.00 The Natural History Programme. [illegible]

CHESS

Intel, the computer chip manufacturer, is to sponsor the Professional Chess Association's programme for 1993-5. This will include eliminators for Gary Kasparov's world title and a speed chess Grand Prix. Intel is reported to be investing up to $7m. (£4.6m), about $1m will be for the speed circuit with events in Moscow, London, New York and Paris.

The PCA world championship qualifier opens in Groningen, Netherlands, on 19 December, with 50 grandmasters competing to join Nigel Short in quarter-final matches, which will produce Kasparov's 1995 challenger. Only a handful of top players still refuse to deal with the PCA, which has taken the initiative against the financially strapped official chess governing body, FIDE.

FIDE's own candidates matches start in January, also in the Netherlands. Both PCA and FIDE officials will be hoping for a media-friendly Western contender rather than an ex-Soviet. Kasparov v Short was an ideal pairing. Ominously, Russian speakers swept the two latest big tournaments, Tilburg and Oviedo. Anatoly Karpov, FIDE's champion, won at Tilburg, clinching the £35,000 first prize against Ivanchuk by cool, accurate



play in a pawn race to queen.

The obvious 1 ... g2 2 h7 g1Q 3 h8Q would be hard to win, especially in a speed game with 20 minutes each on the clock, but Karpov (Black) went 1 ... Ne5! 2 Bf4 g2! 3 Bxe5 g1Q 4 h7 b4! 5 h8Q b3+ 6 Ka3 Qc5+! and Ivanchuk resigned. After 7 Kb2 Qf2+ Black forces checkmate with his queen at a2 or c2.

■ Grandmaster Video's latest release is a two cassette, 145 minute video on the Kasparov-Short match. It includes the best of the live action, analysis by K and S, and commentaries by Raymond Keene and Daniel King. The video is available at £19.99 from chess dealers or at £20.99 from GM Video, PO Box 50, Woking, Surrey GU23 7YT (0276-855418).

Leonard Barden

BRIDGE

My hand today, which comes from a rubber, posed problems for the declarer.

N
♠ J 2
♥ 6 3
♦ A 9 7 3
♣ K Q J 9 5

W	E
♠ A 8	♠ 10 9 7 4
♥ 10 9 8 7	♥ K Q 5 4 2
♦ J 8 6 4	♦ 2
♣ 8 6 3	♣ 7 4 2

S
♠ K Q 6 5 3
♥ A J
♦ K Q 10 5
♣ A 10

With both sides vulnerable, South dealt and bid one spade. North replied two clubs and South re-bid three diamonds. When North raised to four diamonds, South checked for aces with four no-trumps, and bid six diamonds when North showed one ace.

West led the 10 of hearts. South won East's queen with his ace. If the trumps were divided evenly, there was no problem; but if there were four to knave in one hand, which of the defenders was likely to hold them? South played the diamond king. West produced the eight, the standard false card, suggesting that he could not hold four cards in the suit. South was fooled. He cashed three clubs to discard his losing heart, cashed the ace of diamonds and East showed out – one down.

Suppose East has four diamonds to knave. Trumps cannot be drawn until the spade ace is dislodged. Whoever wins the spade lead will lead a heart, forcing a trump from South and preventing him from drawing the trumps without loss. If anyone holds four diamonds, it must be West.

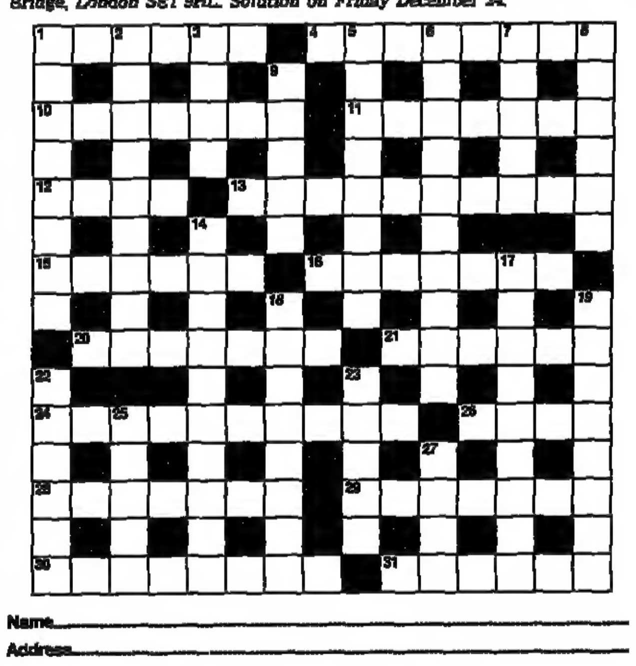
At trick three, ignoring West's false card, we cash the diamond queen and East shows out. We play three top clubs, throwing our heart loser, and follow with the spade knave. West takes and leads a heart. We ruff in hand, pick up the trumps by finesse, and claim.

E.P.C. Cotter

CROSSWORD

No. 8,329 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Tuesday December 21, marked Crossword 8,329 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Friday December 24.



Name____________________

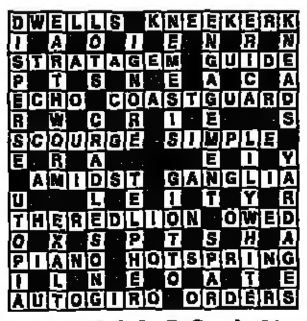
Address____________________

ACROSS
1 Sell on foot or cycle, say? (6)
4 Irritating person in a black flatboat (8)
10 Butter-paper in a storm (7)
11 Crisp and fit after half a day (7)
12 Philanderer would be wiser leaving out this sultanate! (4)
13 Doesn't care about what is inferior (6-4)
15 Countries announced for mountaineering attempts (6)
16 Superiors in caps (7)
20 Lays to rest doctor, in ornamental stone (7)
21 Thin cuts from edge of blade (6)
24 Deceitful to settle account with promissory notes (10)
26 State of soldiers in university hospital? (4)
28 In a production of "The King and I", there is divine fooling (7)
29 A dimmer-switch in the theatre (7)
30 Spots head in indiscretion (8)
31 Swindler's means of raising a pound? (6)

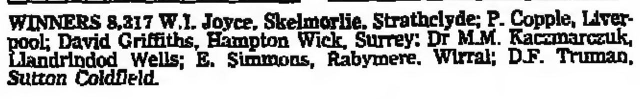
DOWN
1 Traveller comes up with dynamism, of necessity (8)
2 Doom of mother-race (9)
3 Take it easy with the cake! (4)
5 Residue of port, finished (8)
6 Stringendo movement of Miller's major piece? (10)
7 Mounted first-class fragment of bone (5)
8 Smoking-jacket? (6)
9 Fellow always in ferment (5)
14 Speech in support of last month's award (10)
17 Used car racket, a feature of Camptown (9)
18 Condenses an English poet (8)
19 Shop deal turns out to be a bloomer (8)
22 One who draws a carriage? (6)
23 Odd game of cards (5)
25 Those against retaining dead buds (5)
27 Killer-whales revealed by navigator, cautiously? (4)

Solution 8,328

Solution 8,317



WINNERS 8,317 W.I. Joyce, Skelmorlie, Strathclyde; P. Copple, Liverpool; David Griffiths, Hampton Wick, Surrey; Dr M.M. Kaczmarczuk, Llandrindod Wells; E. Simmons, Rabymere, Wirral; D.F. Truman, Sutton Coldfield.



Old and out of touch with Mr Blobby

***Dominic Lawson** feels the onrush of middle-aged senility as he contemplates the pop charts*

This week I celebrate my birthday. I now realise that I must be getting not just older, but actually old. I know this because it took me a while to work out what age I would become on December 17. I discovered, after much counting of fingers, that I am to be 37. This worried me, because a month or so ago I was rung by a newspaper reporter who asked me how old I was, and I said, after some hasty arithmetic, that I was 37. Only a year out, I know, but there was a time, not so long ago, when I could not have made such a mistake.

The physical signs of ageing bother me not a bit. I enjoy the sight of more and more silver hairs as I study myself in the mirror. I do not mind that I now stand with the middle aged on the right hand side of London Underground's escalators, while once I joined the whizz-kids running up the left lane. I do not even mind that, with every passing year the wicket keeper for the village cricket team I play for, is moving closer and closer to the stumps as I bowl.

Such physical manifestations of ageing are somehow dignified. As I grow older I want to be taken more seriously, and such infirmities help. But the mental signs of ageing are less pleasing, aesthetically. People who say that they do not know their own age because birthdays no longer matter to them, are deluding themselves. They forget because they are no longer good at remembering things. The reason why I forget my own age is the same reason why I cannot remember the name of someone to whom I have just been introduced. My brain cells are atrophying, just like the muscles in my bowling arm.

We, the senile middle-aged, have, of course, a store of knowledge, which we can plunder, to give the misleading appearance of being alert. What is now, in nostalgic retrospect called "an old fashioned education" sometimes stands us in good stead, like the hibernating squirrel's store of nuts. But meanwhile the march of popular culture leaves us looking more and more like beached whales.

I experience this most in my discussions with my cartoon editor at *The Spectator*. Gently, like a good boy scout assisting an elderly lady across a busy road, he explains to me all the cartoons I do not understand, pointing out how this one refers to a particularly popular new television programme, or that one is a joke about the latest American film.

A couple of weeks ago he began filling the paper with cartoons of a strange figure, who bore a passing resemblance to the Michelin man. "Who is that?" I asked. "Who is that?" said my cartoon editor. "You're like the judge who had never heard of the Beatles. That is Mr Blobby." "Who is Mr Blobby?" I persisted. "It doesn't matter," sighed my cultural adviser, "but he's massive. He's huge. He's taking over the country."

And he was right. The front page of yesterday's *Daily Mail* consisted of not much more than a picture of "Mr Blobby" at the door of number 10 Downing Street. And I finally discovered who Mr Blobby is. He was described by the *Daily Mail* as "the chart-topper." So that was it. Mr Blobby is to the youth of 1993 what the Beatles were to my generation, and I have indeed become like the famous High Court judge who thought the Beatles were insects.

I suppose I should be worried about my isolation from the biggest influences on the UK's youth. And I suppose I should not express the age-old thought that my popular heroes were giants compared with those of a succeeding generation.

All the same, can Mr Blobby really be as good as Lennon and McCartney? John Lennon scandalised the people of US, when he told them that the group was "more famous than Jesus Christ". I fear that if Mr Blobby were to make a similar boast, he would find many supporters.

But I will make no protest. The old appear merely petulant when they damn the follies of the young. And I must be careful: I have a daughter, who in less than two weeks will reach her first birthday. I must make it my business not to sneer at Mr Blobby, because he will seem almost sensible compared to the idols of the next generation. Meanwhile I will celebrate my birthday with a much younger person, who is quite happy not knowing how old she is.

■ *Dominic Lawson is editor of The Spectator*

Private View/ **Christian Tyler**

The last miner in the county

Stewart Bonney

It will be a black Christmas for some. "The lads finish work at dinnertime," the lodge secretary said, "and we'll be away down the road to the pubs havin' a few pints and reminiscin' about what was and what could have been. Aye, it'll certainly not be any celebration."

That was yesterday, when 650 men took their leave of Wearmouth colliery, Sunderland, one of the oldest pits in Britain and the last in the once-great Durham coalfield.

When Alan Mardghum (pronounced 'Marjam') was born in 1955 there were 700,000 miners working in 850 British coalmines. When he went to work there were still a quarter of a million. Today there are just 16,500. Coal, which fired the Industrial Revolution and powered the British Empire, has become a cottage industry.

In the 14 months since the Government caused a public outcry by announcing that 31 pits were to close, 23,000 men have left the industry. Wearmouth was one of 12 mines reprieved for "market testing"; but like seven others of the dozen so far, and in spite of high productivity on its remaining face seven and a half miles out under the North Sea, it failed the test.

Alan Mardghum is so upset, he cannot admit that it is the end. He clings to the hope that a private buyer will be found for Wearmouth's 140m tonnes of proven reserves, and that one day British mining will be resurrected by a repentant public and government.

As lodge secretary of the miners' union, he has mastered the language of political indictment: he blames government for the lack of a proper energy policy, the "dash for gas", massive subsidies for nuclear power, the electricity link from France, coal imports – all, he said, part of the vendetta against miners and their union.

I take it you're not a Tory voter, I said.

"Certainly not." He laughed. "It's not that apparent, is it?"

It is apparent enough from the campaign posters and rude cartoons adorning the lodge secretary's office. This is Scargill territory, a left-wing pit where the men have always responded to the call.

Mardghum, a member of the Labour Party since 23, grew up in the nearby village of Southwick a mile along the bank of the River Wear. He described it as a hard area of high unemployment where children kept time by the hooter of the former Wear Dock shipyard. Southwick is famous: here the late John Adie, the adoptive father of TV reporter Kate, had his chemist's shop – now a grunge fashion boutique.

Alan and his brother were the first miners in the immediate family. Their father worked on the buses. I mentioned all those mothers who for generations had tried to prevent their sons going down the pit. Wasn't it a good thing they did not have to do that any more?

"No, I don't think it's a good thing. Not for any sentimental reasons... People tend to get a bit misty-eyed about the coal industry. It's a dirty, filthy, horrible job at the end of the day. Nobody who tells the truth would pretend any different. But the way you've got to look at it is: is there an alternative energy source?"

> *'If there's an upturn we'll have another boom and another slump'*

Let us suppose, I said, that the alternative sources are forever cheaper. Is it necessarily a disaster to lose coalmining?

"I think it is. I think the city council would agree with that. I think you'll see a rapid rise in crime, because there isn't any alternative employment.

"You talk about mothers not wanting their son to go down the pit. But I'm certain if they had the choice between the son joyriding stolen cars or burgling people's houses or going down the pit, they would take the opportunity for them to earn a decent wage and be supported by a union that is fighting for decent conditions."

Like other smokestack areas, Wearside presents a surreal picture. Scenes of dereliction where coal, shipbuilding and heavy engineering once prospered are patched over with new motorways, shopping centres, light industrial parks. In one stands a group of "units" mockingly designed like Greek temples with brick columns and concrete pediments.

There might be new jobs, said Mardghum, but they were too few and too low-paid. He cannot accept that heavy industry is finished. How could an island trading nation not have its own merchant shipbuilding industry?

There's no God's law which says we have to build our own ships, I said, if we can buy them cheaper from Koreans.

"Well, I think there's a moral argument when they're losing. I think, 100 a year killed in Korean shipyards. There's certainly a moral argument against importing coal that's produced by black slave labour in South Africa or child labour in Colombia."

Mardghum may have more excuse than reason for his gloomy refusal to foresee a decent future for the area. The man himself is ebullient: it is the NUM official who is pessimistic.

"If there's an upturn we'll have another boom and another slump. That's the way the capitalist system works. It's always jam tomorrow. They've promised us that for years and years and years. 'Take less now and you get more tomorrow'. It never materialises."

What will you do now? I asked.

"The first thing is to get over the shock of losing a job. It's the first time ever I've been unemployed."

For his 17 years work he will collect a redundancy cheque for £25,000. But the chances of a union activist finding work were slim. "So what I'll probably do, what I should have done when I was 17 or 18, is go to university and study for a degree.

"I've thought about social work. Through mixing with lads at the pit I would have an aptitude to do something like working with teenagers with behavioural problems. I'm a bit of a softie, so I don't think I would work with babies or young kids who have been abused. I don't think I could stand that."

Would you work for a capitalist organisation?

"If you rule out working for a capitalist organisation you'd be on the dole the rest of your life," he laughed. "I've got political principles but I drink scotch and Newcastle beer that make a massive contribution to the Tory Party. I mean, I'm not stupid. I'll be delighted to get a job in whatever."

It could be the last Christmas with money for a long time. "I'll certainly not go crackers with money just because I'll have a few bob in the bank from redundancy payments. We'll spend no more this year than we did last year: you're talking about 1,500 quid, 2,000 quid. That's what we normally spend."

He will improve the council house and buy a better second-hand car, perhaps a Sierra. "If the money's run out and if I haven't got a job, we've got a decent house to live in. So long as it's a roof over your head and its warm and comfortable, its something."

The Wearmouth pensioners will have their usual Christmas dinner (in summer there is a coach trip to Blackpool or Scarborough). Marghum hopes the Durham miners' gala, the day of bands and political speeches, will survive into its 110th year.

Do you think Britain is losing something apart from its coal?

"I think it loses the culture that miners have brought to the country, like the brass bands, the miners' welfares and things. I canna think of any other group of workers that built a community around one industry as such.

"When you look at the artists, the Sidney Chaplins of this world, the politicians the union and industry's thrown up, I think it will be a terrible miss."

Miners had a special place in everybody's heart, he said. "I mean, even Thatcher's got a regard for miners – she said she was terrified to be beat by the miners in 84-85."

But the popular view was often distorted. "Particularly in the south of England they still view coalmining as a little lad of 12 gettin' down the pit with his pony and pushing tubs of coal around. You've got a bit of how-green-was-my-valley attitude. There's a lot of nostalgia about coalminin', more and more now its in a rapid state of decline."

An ignorant nostalgia?

"In some respects, yes. And I mean that with the best respect to everybody who supported us, because we've had tremendous support from across the country. People need to be made aware that it's a high-tech, highly-competitive industry that's been butchered."

What will you regret most – apart from losing your job, I mean?

"I'll certainly miss the camaraderie, the sense of being part of a collective – that's very, very important in me life – where one man looks out for another. When you're working underground you're fighting Mother Nature. To do that you've got to be very vigilant."

What have you learned from it?

"I think I'm a better person for having worked there and mixing with the lads whom I represent. They've been absolutely tremendous." His eyes were blinking now. "And I would like to think that, you know, I've done me best. Warn't always right, but I think I have always done me best to represent the lads.

"And I learnt that from working with them, being honest with them, having arguments with them. Hasn't always been easy. I couldn't wish, I cannot imagine working that length of time anywhere else other than with these. I mean, they've been absolutely brilliant.

"We've lost this battle. This was one of the most important for us. But we'll be back again in some form." He paused a while. "So, yes. Very, very sad."

A Christmas stuffing

By Michael Thompson-Noel

Norway's Christmas tree, its annual present to Britain, was switched on this week. In my view, however, the tree in Trafalgar Square does nothing to lessen the infamy which that glum little country attained this year with its decision to renew, unilaterally, the commercial slaughtering of whales in defiance of the international ban on whaling adopted in 1986.

The Norwegians branded themselves as ecological hooligans by harpooning 226 minke whales – 157 commercially and 69 in the name of scientific research. The meat finished up on local fishmongers' slabs where it retailed at about £17 per kilo.

Norway was bombarded by protests. There was talk of US trade sanctions and consumer boycotts of Norwegian exports; calls to travellers to stay away; and reports that German and British companies had cancelled several million dollars' worth of contracts for Norwegian food.

Were the Norwegians stupid? Why had a country of such insignificance and poverty of achievement hurled itself into the furnace of international condemnation for the sake of 226 dead whales? To find out, I visited the Norwegian embassy in London, where I put these questions to Terje Lõbach, the embassy's counsellor for fisheries and agriculture.

Lõbach is a nice man. He poured me coffee. I was determined not to get bogged down in a sterile discussion of the Norwegians' technical arguments. I wanted to get straight to the blood and guts – to ask Lõbach why the Norwegians seemed incapable of grasping the central tenet of the anti-whaling case: that firing explosive harpoons into the planet's greatest mammals is a crime against life.

First, though, it has to be acknowledged that there are many strands to the Norwegians' case. They maintain that the north-eastern Atlantic minke is plentiful in number (at least 87,000), and certainly not endangered; that traditional Norwegian whaling provides employment and supplements income among coastal communities; and that minke whaling, which yields meat consumed by humans, is essentially different from the industrial, capital-intensive whaling (primarily for whale oil) of former years which drove some whale species piteously close to the brink.

HAWKS & HANDSAWS

Moreover, when it comes to killing methods, Norway claims that the majority of whales die "instantly." According to the Norwegians: "During research whaling in 1992, about 50 per cent of the 95 whales shot died instantly... less than 10 per cent lived for more than 10 minutes."

Whales injured by a harpoon must be killed as swiftly as possible by rifle. There are inspectors aboard whaling vessels to ensure compliance with Norwegian law.

But why, I asked Terje Lõbach, should Norway bother with all this fiddle-faddle when the essential question was an emotional one. Why, I wondered, had Norway's prime minister, Gro Harlem Brundtland, impudently claimed that decisions about the use of resources – in this case, the leviathans – could not be based on "sentiment." Why were the Norwegians so *frigid*?

"Norway has always objected to the ban on whaling," Lõbach said calmly, "because there is no scientific evidence that minke whales cannot be managed and harvested in a proper way. It has to do with resource management, especially of fisheries, in which Norway's record is second to none. The 226 minke whales taken this summer represent less than 0.2 per cent of the estimated minke stock in the north-east Atlantic.

"Norway is a very new independent country, and part of the reason for its resumption of traditional whaling is that Norwegians don't want to be told by outsiders what to do with their own natural resources. In polls, the Norwegian government has the backing of 70 to 80 per cent of the [4.2m] population.

"Norwegians can appreciate the sentimental objection to killing *lambs*, but we still have to take their lives for food."

"Not with explosive harpoons," I countered.

"Even in Britain," said Lõbach, "methods of slaughtering livestock for the table leave much to be desired. In Norway, whalemeat is described as 'the greenest of all meats,' because of the scientific way in which it is harvested."

I admit it: my opposition to whaling is "emotional" and "sentimental." But I would rather be thought emotional than mistaken for a Norwegian. They can stuff their Christmas tree.